

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: PUNCH INDUSTRY CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6165 URL <http://www.punch.co.jp/ir/>
 Representative: Chief Executive Officer Tetsuji Morikubo
 Inquiries: Chief Financial Officer Takao Murata TEL 03-5753-3130
 Scheduled date of ordinary general meeting of shareholders: June 23, 2022
 Scheduled date to file Securities Report: June 24, 2022
 Scheduled date to commence dividend payments: June 24, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	39,358	21.2	3,041	88.5	3,007	79.4	2,040	327.2
Year ended March 31, 2021	32,462	(8.2)	1,613	93.0	1,676	135.1	477	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	93.36	84.36	14.2	11.2	7.7
Year ended March 31, 2021	21.90	21.78	4.0	6.7	5.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	28,774	16,307	56.5	737.40
As of March 31, 2021	24,702	12,436	50.2	568.26

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	2,941	(1,099)	(1,600)	4,669
Year ended March 31, 2021	2,942	(670)	(1,684)	3,962

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	0.00	–	2.00	2.00	43	9.1	0.4
Year ended March 31, 2022	–	4.00	–	9.00	13.00	285	13.9	2.0
Year ending March 31, 2023 (Forecast)	–	6.50	–	6.50	13.00		13.7	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	21,500	10.1	1,660	(6.1)	1,640	(5.5)	1,070	(15.0)	48.51
Full year	43,500	10.5	3,300	8.5	3,270	8.7	2,100	2.9	94.99

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	22,332,400 shares	As of March 31, 2021	22,122,400 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2022	275,868 shares	As of March 31, 2021	303,406 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2022	21,858,118 shares	Year ended March 31, 2021	21,813,902 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	4,092,012	4,816,271
Notes receivable - trade	1,542,116	2,043,258
Accounts receivable - trade	8,087,626	9,191,812
Merchandise and finished goods	2,053,536	2,408,754
Work in process	532,853	813,141
Raw materials and supplies	1,378,841	1,569,159
Other	429,129	485,384
Allowance for doubtful accounts	(55,416)	(48,002)
Total current assets	18,060,701	21,279,780
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,351,094	5,905,167
Accumulated depreciation	(3,830,312)	(4,140,358)
Buildings and structures, net	1,520,782	1,764,809
Machinery, equipment and vehicles	14,824,703	16,310,582
Accumulated depreciation	(11,570,501)	(12,703,869)
Machinery, equipment and vehicles, net	3,254,202	3,606,712
Tools, furniture and fixtures	2,332,870	2,514,054
Accumulated depreciation	(1,922,961)	(2,081,516)
Tools, furniture and fixtures, net	409,908	432,538
Land	775,341	778,847
Construction in progress	60,862	168,440
Other	255,554	392,570
Accumulated depreciation	(82,115)	(131,311)
Other, net	173,438	261,259
Total property, plant and equipment	6,194,535	7,012,607
Intangible assets		
Other	175,119	177,903
Total intangible assets	175,119	177,903
Investments and other assets		
Deferred tax assets	110,804	118,693
Other	178,857	198,737
Allowance for doubtful accounts	(17,486)	(13,623)
Total investments and other assets	272,175	303,807
Total non-current assets	6,641,830	7,494,318
Total assets	24,702,531	28,774,098

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,342,543	2,738,725
Electronically recorded obligations - operating	954,991	1,078,059
Short-term borrowings	2,007,163	1,774,655
Current portion of long-term borrowings	1,317,488	710,978
Income taxes payable	270,698	384,126
Accrued expenses	1,155,002	1,540,016
Provision for bonuses	271,444	400,265
Provision for bonuses for directors (and other officers)	–	17,183
Other	1,135,535	1,357,042
Total current liabilities	9,454,866	10,001,052
Non-current liabilities		
Long-term borrowings	1,251,698	907,890
Retirement benefit liability	1,083,928	1,145,220
Other	475,800	412,726
Total non-current liabilities	2,811,426	2,465,836
Total liabilities	12,266,293	12,466,888
Net assets		
Shareholders' equity		
Share capital	2,897,732	2,944,776
Capital surplus	2,590,646	2,512,189
Retained earnings	7,016,866	9,057,592
Treasury shares	(149,905)	(136,301)
Total shareholders' equity	12,355,340	14,378,256
Accumulated other comprehensive income		
Foreign currency translation adjustment	119,846	1,962,065
Remeasurements of defined benefit plans	(76,306)	(75,761)
Total accumulated other comprehensive income	43,540	1,886,303
Share acquisition rights	26,970	26,130
Non-controlling interests	10,386	16,518
Total net assets	12,436,237	16,307,209
Total liabilities and net assets	24,702,531	28,774,098

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	32,462,017	39,358,634
Cost of sales	23,375,159	27,913,724
Gross profit	9,086,857	11,444,910
Selling, general and administrative expenses	7,473,695	8,403,308
Operating profit	1,613,162	3,041,601
Non-operating income		
Interest income	42,659	53,047
Gain on sale of scraps	27,338	27,879
Dividend income	249	–
Subsidies for employment adjustment	179,533	20,542
Other	44,645	28,960
Total non-operating income	294,425	130,430
Non-operating expenses		
Interest expenses	107,414	53,909
Foreign exchange losses	75,231	73,225
Other	48,422	37,243
Total non-operating expenses	231,068	164,378
Ordinary profit	1,676,518	3,007,653
Extraordinary income		
Gain on sale of non-current assets	1,669	6,035
Gain on reversal of reserve for loss on dissolution of employee's pension fund	81,581	–
Total extraordinary income	83,250	6,035
Extraordinary losses		
Loss on sale and retirement of non-current assets	15,011	5,953
Impairment losses	730,296	159,926
Total extraordinary losses	745,307	165,880
Profit before income taxes	1,014,462	2,847,808
Income taxes - current	539,799	805,177
Income taxes - deferred	(4,133)	(2,994)
Total income taxes	535,666	802,183
Net profit	478,796	2,045,624
Profit attributable to non-controlling interests	1,081	4,899
Profit attributable to owners of parent	477,714	2,040,725

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net profit	478,796	2,045,624
Other comprehensive income		
Foreign currency translation adjustment	216,202	1,843,452
Remeasurements of defined benefit plans, net of tax	36,614	544
Total other comprehensive income	252,817	1,843,996
Comprehensive income	731,613	3,889,621
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	731,163	3,883,489
Comprehensive income attributable to non-controlling interests	450	6,132

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,897,732	2,631,489	6,539,152	(154,543)	11,913,830
Changes during period					
Issuance of new shares					
Dividends of surplus		(43,619)			(43,619)
Profit attributable to owners of parent			477,714		477,714
Disposal of treasury shares		2,776		4,638	7,414
Net changes in items other than shareholders' equity					
Total changes during period	–	(40,842)	477,714	4,638	441,509
Balance at end of period	2,897,732	2,590,646	7,016,866	(149,905)	12,355,340

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(96,987)	(112,920)	(209,908)	33,479	9,936	11,747,338
Changes during period						
Issuance of new shares						
Dividends of surplus						(43,619)
Profit attributable to owners of parent						477,714
Disposal of treasury shares						7,414
Net changes in items other than shareholders' equity	216,834	36,614	253,448	(6,509)	450	247,389
Total changes during period	216,834	36,614	253,448	(6,509)	450	688,899
Balance at end of period	119,846	(76,306)	43,540	26,970	10,386	12,436,237

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,897,732	2,590,646	7,016,866	(149,905)	12,355,340
Changes during period					
Issuance of new shares	47,044	47,044			94,088
Dividends of surplus		(131,013)			(131,013)
Profit attributable to owners of parent			2,040,725		2,040,725
Disposal of treasury shares		5,511		13,603	19,115
Net changes in items other than shareholders' equity					
Total changes during period	47,044	(78,457)	2,040,725	13,603	2,022,915
Balance at end of period	2,944,776	2,512,189	9,057,592	(136,301)	14,378,256

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	119,846	(76,306)	43,540	26,970	10,386	12,436,237
Changes during period						
Issuance of new shares						94,088
Dividends of surplus						(131,013)
Profit attributable to owners of parent						2,040,725
Disposal of treasury shares						19,115
Net changes in items other than shareholders' equity	1,842,218	544	1,842,763	(839)	6,132	1,848,056
Total changes during period	1,842,218	544	1,842,763	(839)	6,132	3,870,972
Balance at end of period	1,962,065	(75,761)	1,886,303	26,130	16,518	16,307,209

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,014,462	2,847,808
Depreciation	968,873	971,746
Impairment losses	730,296	159,926
Increase (decrease) in retirement benefit liability	56,245	61,324
Increase (decrease) in provision for bonuses	2,582	128,343
Increase (decrease) in provision for bonuses for directors (and other officers)	–	17,183
Increase (decrease) in allowance for doubtful accounts	(34,938)	(16,968)
Increase (decrease) in reserve for loss on dissolution of employee's pension fund	(92,819)	–
Interest and dividend income	(42,908)	(53,047)
Interest expenses	107,414	53,909
Subsidies for employment adjustment	(179,533)	(20,542)
Foreign exchange losses (gains)	(43,289)	699
Loss (gain) on sale and retirement of non-current assets	13,341	(81)
Decrease (increase) in trade receivables	433,563	(286,768)
Decrease (increase) in inventories	276,749	(417,353)
Increase (decrease) in trade payables	(250,751)	25,882
Increase (decrease) in accounts payable - other, and accrued expenses	280,654	168,135
Other, net	100,979	26,783
Subtotal	3,340,922	3,666,982
Interest and dividends received	42,908	53,047
Interest paid	(122,869)	(66,319)
subsidies for employment adjustment received	179,533	20,542
Income taxes paid	(497,718)	(732,778)
Net cash provided by (used in) operating activities	2,942,775	2,941,474
Cash flows from investing activities		
Net decrease (increase) in time deposits	(106,212)	(17,212)
Purchase of property, plant and equipment	(502,981)	(999,260)
Proceeds from sale of property, plant and equipment	9,879	10,997
Purchase of intangible assets	(80,647)	(73,376)
Proceeds from sale of intangible assets	315	–
Proceeds from sale of investment securities	14,201	–
Proceeds from collection of long-term loans receivable	8,519	9,948
Long-term loan advances	(13,830)	(4,650)
Other, net	555	(26,006)
Net cash provided by (used in) investing activities	(670,198)	(1,099,559)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(338,342)	(739,954)
Proceeds from long-term borrowings	50,000	–
Repayments of long-term borrowings	(1,220,016)	(653,228)
Repayments of installment payables	(80,111)	(81,889)
Repayments of lease liabilities	(52,643)	(94,166)
Proceeds from issuance of share acquisition rights	–	5,750
Proceeds from issuance of shares	–	93,605
Dividends paid	(43,619)	(131,013)
Other, net	9	6
Net cash provided by (used in) financing activities	(1,684,722)	(1,600,888)
Effect of exchange rate change on cash and cash equivalents	8,185	466,019
Net increase (decrease) in cash and cash equivalents	596,040	707,045
Cash and cash equivalents at beginning of period	3,366,094	3,962,135
Cash and cash equivalents at end of period	3,962,135	4,669,180