

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2023
(Based on Japanese GAAP)**

May 12, 2023

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 22, 2023
 Scheduled date to file Securities Report: June 23, 2023
 Scheduled date to commence dividend payments: June 23, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	42,799	8.7	2,436	(19.9)	2,394	(20.4)	1,390	(31.9)
Year ended March 31, 2022	39,358	21.2	3,041	88.5	3,007	79.4	2,040	327.2

	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, 2023	60.58	60.15	7.9	8.1	5.7
Year ended March 31, 2022	93.36	84.36	14.2	11.2	7.7

(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, 2023	30,455	19,052	62.4	778.02
As of March 31, 2022	28,774	16,307	56.5	737.40

(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, 2023	2,560	(1,546)	(756)	5,212
Year ended March 31, 2022	2,941	(1,099)	(1,600)	4,669

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, 2022	–	4.00	–	9.00	13.00	285	13.9	2.0
Year ended March 31, 2023	–	6.50	–	13.00	19.50	465	32.2	2.6
Year ending March 31, 2024 (Forecast)	–	10.00	–	10.30	20.30		62.0	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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, 2023	20,300	(6.3)	810	(47.3)	800	(47.5)	120	(86.8)	4.91
Full year	42,000	(1.9)	2,150	(11.8)	2,100	(12.3)	800	(42.5)	32.75

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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:

No

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, 2023	24,622,400 shares	As of March 31, 2022	22,332,400 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	191,339 shares	As of March 31, 2022	275,868 shares
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Average number of shares during the period

Year ended March 31, 2023	22,947,817 shares	Year ended March 31, 2022	21,858,118 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	4,816,271	5,212,840
Notes receivable - trade	2,043,258	1,745,722
Accounts receivable - trade	9,191,812	9,632,805
Merchandise and finished goods	2,408,754	2,851,464
Work in process	813,141	658,304
Raw materials and supplies	1,569,159	1,531,566
Other	485,384	484,910
Allowance for doubtful accounts	(48,002)	(39,625)
Total current assets	21,279,780	22,077,989
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,905,167	6,157,577
Accumulated depreciation	(4,140,358)	(4,386,200)
Buildings and structures, net	1,764,809	1,771,377
Machinery, equipment and vehicles	16,310,582	17,405,829
Accumulated depreciation	(12,703,869)	(13,513,007)
Machinery, equipment and vehicles, net	3,606,712	3,892,822
Tools, furniture and fixtures	2,514,054	2,732,280
Accumulated depreciation	(2,081,516)	(2,273,126)
Tools, furniture and fixtures, net	432,538	459,154
Land	778,847	829,852
Construction in progress	168,440	161,203
Other	392,570	466,171
Accumulated depreciation	(131,311)	(265,868)
Other, net	261,259	200,303
Total property, plant and equipment	7,012,607	7,314,714
Intangible assets		
Goodwill	–	466,570
Other	177,903	228,902
Total intangible assets	177,903	695,472
Investments and other assets		
Deferred tax assets	118,693	201,750
Other	198,737	202,263
Allowance for doubtful accounts	(13,623)	(36,214)
Total investments and other assets	303,807	367,799
Total non-current assets	7,494,318	8,377,987
Total assets	28,774,098	30,455,976

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,738,725	2,667,392
Electronically recorded obligations - operating	1,078,059	999,425
Short-term borrowings	1,774,655	1,300,590
Current portion of bonds payable	–	10,000
Current portion of long-term borrowings	710,978	728,838
Income taxes payable	384,126	396,959
Provision for bonuses	400,265	379,197
Provision for directors' bonuses	17,183	–
Other	2,897,059	2,698,358
Total current liabilities	10,001,052	9,180,761
Non-current liabilities		
Long-term borrowings	907,890	675,657
Retirement benefit liability	1,145,220	1,243,685
Other	412,726	303,303
Total non-current liabilities	2,465,836	2,222,646
Total liabilities	12,466,888	11,403,407
Net assets		
Shareholders' equity		
Share capital	2,944,776	3,406,477
Capital surplus	2,512,189	2,967,666
Retained earnings	9,057,592	10,101,571
Treasury shares	(136,301)	(94,544)
Total shareholders' equity	14,378,256	16,381,171
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,962,065	2,737,825
Remeasurements of defined benefit plans	(75,761)	(111,203)
Total accumulated other comprehensive income	1,886,303	2,626,622
Share acquisition rights	26,130	20,863
Non-controlling interests	16,518	23,911
Total net assets	16,307,209	19,052,569
Total liabilities and net assets	28,774,098	30,455,976

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	39,358,634	42,799,503
Cost of sales	27,913,724	31,168,808
Gross profit	11,444,910	11,630,695
Selling, general and administrative expenses	8,403,308	9,194,171
Operating profit	3,041,601	2,436,524
Non-operating income		
Interest income	53,047	61,334
Gain on sale of scraps	27,879	40,564
Subsidy income	4,418	27,533
Other	45,084	39,386
Total non-operating income	130,430	168,820
Non-operating expenses		
Interest expenses	53,909	62,091
Foreign exchange losses	73,225	106,011
Other	37,243	43,159
Total non-operating expenses	164,378	211,262
Ordinary profit	3,007,653	2,394,081
Extraordinary income		
Gain on sale of non-current assets	6,035	16,139
Total extraordinary income	6,035	16,139
Extraordinary losses		
Loss on sale and retirement of non-current assets	5,953	36,903
Impairment losses	159,926	297,924
Total extraordinary losses	165,880	334,827
Profit before income taxes	2,847,808	2,075,393
Income taxes - current	805,177	732,547
Income taxes - deferred	(2,994)	(54,209)
Total income taxes	802,183	678,338
Net Profit	2,045,624	1,397,055
Profit attributable to non-controlling interests	4,899	6,880
Profit attributable to owners of parent	2,040,725	1,390,174

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net Profit	2,045,624	1,397,055
Other comprehensive income		
Foreign currency translation adjustment	1,843,452	776,271
Remeasurements of defined benefit plans, net of tax	544	(35,441)
Total other comprehensive income	1,843,996	740,830
Comprehensive income	3,889,621	2,137,885
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,883,489	2,130,492
Comprehensive income attributable to non-controlling interests	6,132	7,392

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,944,776	2,512,189	9,057,592	(136,301)	14,378,256
Changes during period					
Issuance of new shares	461,701	461,701			923,402
Dividends of surplus			(346,194)		(346,194)
Profit attributable to owners of parent			1,390,174		1,390,174
Disposal of treasury shares		(6,223)		41,757	35,533
Net changes in items other than shareholders' equity					
Total changes during period	461,701	455,477	1,043,979	41,757	2,002,915
Balance at end of period	3,406,477	2,967,666	10,101,571	(94,544)	16,381,171

	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	1,962,065	(75,761)	1,886,303	26,130	16,518	16,307,209
Changes during period						
Issuance of new shares						923,402
Dividends of surplus						(346,194)
Profit attributable to owners of parent						1,390,174
Disposal of treasury shares						35,533
Net changes in items other than shareholders' equity	775,759	(35,441)	740,318	(5,267)	7,392	742,444
Total changes during period	775,759	(35,441)	740,318	(5,267)	7,392	2,745,359
Balance at end of period	2,737,825	(111,203)	2,626,622	20,863	23,911	19,052,569

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,847,808	2,075,393
Depreciation	971,746	1,130,489
Impairment losses	159,926	297,924
Amortization of goodwill	–	24,556
Increase (decrease) in retirement benefit liability	61,324	47,045
Increase (decrease) in provision for bonuses	128,343	(21,996)
Increase (decrease) in provision for bonuses for directors (and other officers)	17,183	(17,183)
Increase (decrease) in allowance for doubtful accounts	(16,968)	11,905
Interest and dividend income	(53,047)	(61,334)
Interest expenses	53,909	62,091
Foreign exchange losses (gains)	699	73,682
Loss (gain) on sale and retirement of non-current assets	(81)	20,717
Decrease (increase) in trade receivables	(286,768)	463,624
Decrease (increase) in inventories	(417,353)	82,994
Increase (decrease) in trade payables	25,882	(565,596)
Increase (decrease) in accounts payable - other, and accrued expenses	168,135	(276,227)
Subsidy income	(4,418)	(27,533)
Other, net	26,783	(58,898)
Subtotal	3,683,106	3,261,652
Interest and dividends received	53,047	61,334
Interest paid	(66,319)	(53,802)
Subsidies received	4,418	27,533
Income taxes paid	(732,778)	(736,335)
Net cash provided by (used in) operating activities	2,941,474	2,560,382
Cash flows from investing activities		
Net decrease (increase) in time deposits	(17,212)	147,090
Purchase of property, plant and equipment	(999,260)	(1,138,726)
Proceeds from sale of property, plant and equipment	10,997	12,454
Purchase of intangible assets	(73,376)	(148,124)
Proceeds from sale of intangible assets	–	11
Proceeds from collection of long-term loans receivable	9,948	7,409
Long-term loan advances	(4,650)	(4,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(457,472)
Payments of leasehold and guarantee deposits	(50,164)	(9,253)
Proceeds from refund of leasehold and guarantee deposits	24,157	43,625
Other, net	–	350
Net cash provided by (used in) investing activities	(1,099,559)	(1,546,635)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(411,874)	(667,745)
Proceeds from long-term borrowings	345,060	367,170
Repayments of long-term borrowings	(1,326,368)	(798,683)
Repayments of installment payables	(81,889)	(83,705)
Repayments of lease liabilities	(94,166)	(140,316)
Proceeds from issuance of share acquisition rights	5,750	–
Redemption of bonds	–	(5,000)
Proceeds from issuance of shares	93,605	918,135
Dividends paid	(131,013)	(346,194)
Other, net	6	–
Net cash provided by (used in) financing activities	(1,600,888)	(756,340)
Effect of exchange rate change on cash and cash equivalents	466,019	286,252
Net increase (decrease) in cash and cash equivalents	707,045	543,659
Cash and cash equivalents at beginning of period	3,962,135	4,669,180
Cash and cash equivalents at end of period	4,669,180	5,212,840