

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2024
(Based on Japanese GAAP)**

May 14, 2024

Company name: PUNCH INDUSTRY CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6165 URL <https://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 25, 2024
 Scheduled date to file Securities Report: June 26, 2024
 Scheduled date to commence dividend payments: June 26, 2024
 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024 | 38,344 | (10.4) | 1,240 | (49.1) | 1,421 | (40.6) | (577) | – |
| Year ended March 31, 2023 | 42,799 | 8.7 | 2,436 | (19.9) | 2,394 | (20.4) | 1,390 | (31.9) |

| | 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, 2024 | (23.61) | – | (3.1) | 4.7 | 3.2 |
| Year ended March 31, 2023 | 60.58 | 60.15 | 7.9 | 8.1 | 5.7 |

(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, 2024 | 29,649 | 18,750 | 63.1 | 764.81 |
| As of March 31, 2023 | 30,455 | 19,052 | 62.4 | 778.02 |

(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, 2024 | 1,276 | (680) | (2) | 6,003 |
| Year ended March 31, 2023 | 2,560 | (1,546) | (756) | 5,212 |

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, 2023 | – | 6.50 | – | 13.00 | 19.50 | 465 | 32.2 | 2.6 |
| Year ended March 31, 2024 | – | 10.00 | – | 9.40 | 19.40 | 474 | – | 2.5 |
| Year ending March 31, 2025 (Forecast) | – | 9.80 | – | 9.81 | 19.61 | | 40.0 | |

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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, 2024 | 18,800 | (1.7) | 700 | 34.1 | 680 | (15.9) | 250 | – | 10.22 |
| Full year | 38,500 | 0.4 | 2,150 | 73.3 | 2,100 | 47.7 | 1,200 | – | 49.05 |

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(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, 2024 | 24,622,400 shares | As of March 31, 2023 | 24,622,400 shares |
|----------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|----------------|----------------------|----------------|
| As of March 31, 2024 | 157,072 shares | As of March 31, 2023 | 191,339 shares |
|----------------------|----------------|----------------------|----------------|

Average number of shares during the period

| | | | |
|---------------------------|-------------------|---------------------------|-------------------|
| Year ended March 31, 2024 | 24,452,413 shares | Year ended March 31, 2023 | 22,947,817 shares |
|---------------------------|-------------------|---------------------------|-------------------|

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,212 | 6,031 |
| Notes receivable - trade | 1,745 | 1,735 |
| Accounts receivable - trade | 9,632 | 9,233 |
| Merchandise and finished goods | 2,851 | 2,333 |
| Work in process | 658 | 642 |
| Raw materials and supplies | 1,531 | 1,345 |
| Other | 484 | 614 |
| Allowance for doubtful accounts | (39) | (33) |
| Total current assets | 22,077 | 21,903 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 6,157 | 6,113 |
| Accumulated depreciation | (4,386) | (4,515) |
| Buildings and structures, net | 1,771 | 1,598 |
| Machinery, equipment and vehicles | 17,405 | 16,960 |
| Accumulated depreciation | (13,513) | (13,091) |
| Machinery, equipment and vehicles, net | 3,892 | 3,869 |
| Tools, furniture and fixtures | 2,732 | 2,819 |
| Accumulated depreciation | (2,273) | (2,378) |
| Tools, furniture and fixtures, net | 459 | 440 |
| Land | 829 | 741 |
| Construction in progress | 161 | 42 |
| Other | 466 | 525 |
| Accumulated depreciation | (265) | (370) |
| Other, net | 200 | 155 |
| Total property, plant and equipment | 7,314 | 6,848 |
| Intangible assets | | |
| Goodwill | 466 | 417 |
| Other | 228 | 200 |
| Total intangible assets | 695 | 618 |
| Investments and other assets | | |
| Deferred tax assets | 201 | 123 |
| Other | 202 | 188 |
| Allowance for doubtful accounts | (36) | (33) |
| Total investments and other assets | 367 | 278 |
| Total non-current assets | 8,377 | 7,745 |
| Total assets | 30,455 | 29,649 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 2,667 | 2,628 |
| Electronically recorded obligations - operating | 999 | 919 |
| Short-term borrowings | 1,300 | – |
| Current portion of bonds payable | 10 | – |
| Current portion of long-term borrowings | 728 | 1,351 |
| Income taxes payable | 396 | 213 |
| Provision for bonuses | 379 | 302 |
| Other | 2,698 | 2,190 |
| Total current liabilities | 9,180 | 7,605 |
| Non-current liabilities | | |
| Long-term borrowings | 675 | 2,202 |
| Retirement benefit liability | 1,243 | 825 |
| Other | 303 | 265 |
| Total non-current liabilities | 2,222 | 3,293 |
| Total liabilities | 11,403 | 10,899 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 3,406 | 3,406 |
| Capital surplus | 2,967 | 2,968 |
| Retained earnings | 10,101 | 8,961 |
| Treasury shares | (94) | (76) |
| Total shareholders' equity | 16,381 | 15,259 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 2,737 | 3,491 |
| Remeasurements of defined benefit plans | (111) | (40) |
| Total accumulated other comprehensive income | 2,626 | 3,451 |
| Share acquisition rights | 20 | 14 |
| Non-controlling interests | 23 | 24 |
| Total net assets | 19,052 | 18,750 |
| Total liabilities and net assets | 30,455 | 29,649 |

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

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 42,799 | 38,344 |
| Cost of sales | 31,168 | 28,261 |
| Gross profit | 11,630 | 10,082 |
| Selling, general and administrative expenses | 9,194 | 8,842 |
| Operating profit | 2,436 | 1,240 |
| Non-operating income | | |
| Interest income | 61 | 77 |
| Foreign exchange gains | – | 130 |
| Subsidy income | 27 | 33 |
| Other | 79 | 56 |
| Total non-operating income | 168 | 297 |
| Non-operating expenses | | |
| Interest expenses | 62 | 42 |
| Foreign exchange losses | 106 | – |
| Compensation expenses | 17 | 43 |
| Other | 25 | 30 |
| Total non-operating expenses | 211 | 116 |
| Ordinary profit | 2,394 | 1,421 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 16 | 97 |
| Total extraordinary income | 16 | 97 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 36 | 14 |
| Impairment losses | 297 | 393 |
| Loss on business restructuring | – | 792 |
| Retirement benefit expenses | – | 45 |
| Loss on liquidation of subsidiaries | – | 357 |
| Other | – | 15 |
| Total extraordinary losses | 334 | 1,619 |
| Profit (loss) before income taxes | 2,075 | (100) |
| Income taxes - current | 732 | 416 |
| Income taxes - deferred | (54) | 54 |
| Total income taxes | 678 | 470 |
| Net Profit (Net loss) | 1,397 | (571) |
| Profit attributable to non-controlling interests | 6 | 5 |
| Profit (loss) attributable to owners of parent | 1,390 | (577) |

Consolidated statements of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Net Profit (Net loss) | 1,397 | (571) |
| Other comprehensive income | | |
| Foreign currency translation adjustment | 776 | 748 |
| Remeasurements of defined benefit plans, net of tax | (35) | 71 |
| Total other comprehensive income | 740 | 819 |
| Comprehensive income | 2,137 | 248 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,130 | 247 |
| Comprehensive income attributable to non-controlling interests | 7 | 0 |

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,944 | 2,512 | 9,057 | (136) | 14,378 |
| Changes during period | | | | | |
| Issuance of new shares | 461 | 461 | | | 923 |
| Dividends of surplus | | | (346) | | (346) |
| Profit (loss) attributable to owners of parent | | | 1,390 | | 1,390 |
| Purchase of treasury shares | | | | | |
| Disposal of treasury shares | | (6) | | 41 | 35 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | 461 | 455 | 1,043 | 41 | 2,002 |
| Balance at end of period | 3,406 | 2,967 | 10,101 | (94) | 16,381 |

| | 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 | (75) | 1,886 | 26 | 16 | 16,307 |
| Changes during period | | | | | | |
| Issuance of new shares | | | | | | 923 |
| Dividends of surplus | | | | | | (346) |
| Profit (loss) attributable to owners of parent | | | | | | 1,390 |
| Purchase of treasury shares | | | | | | |
| Disposal of treasury shares | | | | | | 35 |
| Net changes in items other than shareholders' equity | 775 | (35) | 740 | (5) | 7 | 742 |
| Total changes during period | 775 | (35) | 740 | (5) | 7 | 2,745 |
| Balance at end of period | 2,737 | (111) | 2,626 | 20 | 23 | 19,052 |

Fiscal year ended March 31, 2024

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 3,406 | 2,967 | 10,101 | (94) | 16,381 |
| Changes during period | | | | | |
| Dividends of surplus | | | (562) | | (562) |
| Profit (loss) attributable to owners of parent | | | (577) | | (577) |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 0 | | 17 | 18 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | 0 | (1,139) | 17 | (1,121) |
| Balance at end of period | 3,406 | 2,968 | 8,961 | (76) | 15,259 |

| | 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 | 2,737 | (111) | 2,626 | 20 | 23 | 19,052 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (562) |
| Profit (loss) attributable to owners of parent | | | | | | (577) |
| Purchase of treasury shares | | | | | | (0) |
| Disposal of treasury shares | | | | | | 18 |
| Net changes in items other than shareholders' equity | 754 | 71 | 825 | (6) | 0 | 819 |
| Total changes during period | 754 | 71 | 825 | (6) | 0 | (301) |
| Balance at end of period | 3,491 | (40) | 3,451 | 14 | 24 | 18,750 |

Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | 2,075 | (100) |
| Depreciation | 1,130 | 1,166 |
| Impairment losses | 297 | 393 |
| Amortization of goodwill | 24 | 49 |
| Increase (decrease) in retirement benefit liability | 47 | (317) |
| Increase (decrease) in provision for bonuses | (21) | (77) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (17) | – |
| Increase (decrease) in allowance for doubtful accounts | 11 | (12) |
| Interest and dividend income | (61) | (77) |
| Interest expenses | 62 | 42 |
| Foreign exchange losses (gains) | 73 | (227) |
| Loss (gain) on sale and retirement of non-current assets | 20 | (82) |
| Decrease (increase) in trade receivables | 463 | 948 |
| Decrease (increase) in inventories | 82 | 900 |
| Increase (decrease) in trade payables | (565) | (315) |
| Increase (decrease) in accounts payable - other, and accrued expenses | (276) | (293) |
| Subsidy income | (27) | (33) |
| Other, net | (58) | (113) |
| Subtotal | 3,261 | 1,847 |
| Interest and dividends received | 61 | 77 |
| Interest paid | (53) | (53) |
| Subsidies received | 27 | 33 |
| Income taxes paid | (736) | (628) |
| Net cash provided by (used in) operating activities | 2,560 | 1,276 |
| Cash flows from investing activities | | |
| Net decrease (increase) in time deposits | 147 | (27) |
| Purchase of property, plant and equipment | (1,138) | (866) |
| Proceeds from sale of property, plant and equipment | 12 | 253 |
| Purchase of intangible assets | (148) | (47) |
| Proceeds from collection of long-term loans receivable | 7 | 6 |
| Long-term loan advances | (4) | (2) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (457) | – |
| Payments of leasehold and guarantee deposits | (9) | (17) |
| Proceeds from refund of leasehold and guarantee deposits | 43 | 20 |
| Other, net | 0 | 0 |
| Net cash provided by (used in) investing activities | (1,546) | (680) |

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (667) | (1,302) |
| Proceeds from long-term borrowings | 367 | 3,400 |
| Repayments of long-term borrowings | (798) | (1,312) |
| Repayments of installment payables | (83) | (71) |
| Repayments of lease liabilities | (140) | (143) |
| Redemption of bonds | (5) | (10) |
| Proceeds from issuance of shares | 918 | – |
| Dividends paid | (346) | (562) |
| Other, net | – | 0 |
| Net cash provided by (used in) financing activities | (756) | (2) |
| Effect of exchange rate change on cash and cash equivalents | 286 | 196 |
| Net increase (decrease) in cash and cash equivalents | 543 | 791 |
| Cash and cash equivalents at beginning of period | 4,669 | 5,212 |
| Cash and cash equivalents at end of period | 5,212 | 6,003 |