

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 10, 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 to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: December 9, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2022	21,665	11.0	1,537	(13.1)	1,524	(12.2)	905	(28.0)
Six months ended September 30, 2021	19,523	26.7	1,768	464.7	1,736	365.7	1,258	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	40.62		40.20	
Six months ended September 30, 2021	57.67		57.56	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	32,449	19,271	59.2
As of March 31, 2022	28,774	16,307	56.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	—	4.00	—	9.00	13.00
Year ending March 31, 2023	—	6.50	—	—	—
Year ending March 31, 2023 (Forecast)	—	—	—	6.50	13.00

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
Full year	44,300	12.6	3,100	1.9	3,070	2.1	1,850	(9.3)	81.42

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2022	22,962,400 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 September 30, 2022	241,539 shares	As of March 31, 2022	275,868 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	22,303,554 shares	Six months ended September 30, 2021	21,827,306 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	4,816,271	5,089,894
Notes receivable - trade	2,043,258	1,520,497
Accounts receivable - trade	9,191,812	11,413,051
Merchandise and finished goods	2,408,754	2,830,131
Work in process	813,141	822,125
Raw materials and supplies	1,569,159	1,769,728
Other	485,384	724,196
Allowance for doubtful accounts	(48,002)	(41,705)
Total current assets	21,279,780	24,127,919
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,905,167	6,311,618
Accumulated depreciation	(4,140,358)	(4,398,855)
Buildings and structures, net	1,764,809	1,912,762
Machinery, equipment and vehicles	16,310,582	17,954,399
Accumulated depreciation	(12,703,869)	(13,825,208)
Machinery, equipment and vehicles, net	3,606,712	4,129,190
Tools, furniture and fixtures	2,514,054	2,809,188
Accumulated depreciation	(2,081,516)	(2,309,661)
Tools, furniture and fixtures, net	432,538	499,526
Land	778,847	785,006
Construction in progress	168,440	229,032
Other	392,570	493,585
Accumulated depreciation	(131,311)	(226,243)
Other, net	261,259	267,342
Total property, plant and equipment	7,012,607	7,822,861
Intangible assets		
Other	177,903	202,542
Total intangible assets	177,903	202,542
Investments and other assets		
Investments and other assets	317,431	311,952
Allowance for doubtful accounts	(13,623)	(15,326)
Total investments and other assets	303,807	296,626
Total non-current assets	7,494,318	8,322,031
Total assets	28,774,098	32,449,950

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,738,725	3,453,725
Electronically recorded obligations - operating	1,078,059	1,121,407
Short-term borrowings	1,774,655	1,665,315
Current portion of long-term borrowings	710,978	877,560
Income taxes payable	384,126	387,972
Provision for bonuses	400,265	888,808
Provision for directors' bonuses	17,183	7,873
Other	2,897,059	2,178,933
Total current liabilities	10,001,052	10,581,595
Non-current liabilities		
Long-term borrowings	907,890	876,299
Retirement benefit liability	1,145,220	1,224,474
Other	412,726	495,751
Total non-current liabilities	2,465,836	2,596,525
Total liabilities	12,466,888	13,178,120
Net assets		
Shareholders' equity		
Share capital	2,944,776	3,074,778
Capital surplus	2,512,189	2,660,085
Retained earnings	9,057,592	9,745,101
Treasury shares	(136,301)	(119,343)
Total shareholders' equity	14,378,256	15,360,622
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,962,065	3,983,455
Remeasurements of defined benefit plans	(75,761)	(118,531)
Total accumulated other comprehensive income	1,886,303	3,864,924
Share acquisition rights	26,130	24,681
Non-controlling interests	16,518	21,601
Total net assets	16,307,209	19,271,830
Total liabilities and net assets	28,774,098	32,449,950

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	19,523,718	21,665,915
Cost of sales	13,659,592	15,617,085
Gross profit	5,864,126	6,048,830
Selling, general and administrative expenses	4,095,613	4,511,588
Operating profit	1,768,512	1,537,241
Non-operating income		
Interest income	23,634	28,450
Gain on sale of scraps	10,806	18,025
Other	25,211	20,787
Total non-operating income	59,652	67,263
Non-operating expenses		
Interest expenses	30,230	26,764
Foreign exchange losses	47,115	45,255
Other	14,801	7,504
Total non-operating expenses	92,147	79,524
Ordinary profit	1,736,017	1,524,981
Extraordinary income		
Gain on sale of non-current assets	1,425	4,241
Total extraordinary income	1,425	4,241
Extraordinary losses		
Loss on sale and retirement of non-current assets	2,455	9,992
Impairment losses	47,963	101,331
Total extraordinary losses	50,419	111,323
Profit before income taxes	1,687,024	1,417,899
Income taxes - current	366,844	356,068
Income taxes - deferred	59,834	153,280
Total income taxes	426,678	509,349
Net Profit	1,260,345	908,550
Profit attributable to non-controlling interests	1,500	2,681
Profit attributable to owners of parent	1,258,845	905,869

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net Profit	1,260,345	908,550
Other comprehensive income		
Foreign currency translation adjustment	1,039,706	2,023,791
Remeasurements of defined benefit plans, net of tax	16,051	(42,769)
Total other comprehensive income	1,055,758	1,981,021
Comprehensive income	2,316,103	2,889,572
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,314,173	2,884,489
Comprehensive income attributable to non-controlling interests	1,930	5,082

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,687,024	1,417,899
Depreciation	470,041	554,947
Impairment losses	47,963	101,331
Increase (decrease) in retirement benefit liability	34,432	17,144
Increase (decrease) in provision for bonuses for directors (and other officers)	10,991	(9,310)
Increase (decrease) in provision for bonuses	388,495	455,309
Increase (decrease) in allowance for doubtful accounts	(4,950)	(10,401)
Interest and dividend income	(23,634)	(28,450)
Interest expenses	30,230	26,764
Foreign exchange losses (gains)	(680)	4,692
Loss (gain) on sale and retirement of non-current assets	1,030	5,750
Decrease (increase) in trade receivables	(503,073)	(148,109)
Decrease (increase) in inventories	112,169	(142,061)
Increase (decrease) in trade payables	322,892	(34,581)
Increase (decrease) in accounts payable - other, and accrued expenses	(565,237)	(888,764)
Other, net	(172,608)	(126,025)
Subtotal	1,835,086	1,196,134
Interest and dividends received	23,634	28,450
Interest paid	(32,008)	(12,610)
Income taxes paid	(433,917)	(386,427)
Net cash provided by (used in) operating activities	1,392,795	825,547
Cash flows from investing activities		
Net decrease (increase) in time deposits	(29,904)	36,063
Purchase of property, plant and equipment	(568,230)	(600,803)
Proceeds from sale of property, plant and equipment	3,588	11,166
Purchase of intangible assets	(24,402)	(50,703)
Proceeds from sale of intangible assets	–	5
Proceeds from collection of long-term loans receivable	4,851	4,102
Payments of leasehold and guarantee deposits	(40,494)	(5,231)
Proceeds from refund of leasehold and guarantee deposits	16,688	16,658
Other, net	(1,000)	–
Net cash provided by (used in) investing activities	(638,902)	(588,742)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(647,713)	(367,170)
Proceeds from long-term borrowings	–	367,170
Repayments of long-term borrowings	(358,934)	(362,634)
Repayments of installment payables	(40,719)	(41,623)
Repayments of lease liabilities	(40,187)	(77,121)
Proceeds from issuance of shares	–	258,555
Dividends paid	(43,637)	(198,508)
Other, net	4	–
Net cash provided by (used in) financing activities	(1,131,188)	(421,332)
Effect of exchange rate change on cash and cash equivalents	276,774	494,213
Net increase (decrease) in cash and cash equivalents	(100,520)	309,686
Cash and cash equivalents at beginning of period	3,962,135	4,669,180
Cash and cash equivalents at end of period	3,861,614	4,978,867