

Financial Briefing (Fiscal year ended March 31, 2024)

May 14, 2024



PUNCH INDUSTRY CO., LTD.

(Security Code: 6165 TSE Standard)

Financial Highlights for the Year Ended March 31, 2024

Profit declined due to significant decline in sales in Japan and China, as well as raw materials and energy costs remaining high

Sales	Consolidated	Consolidated sales decreased to 89.6% year-on-year, a decrease of ¥4.4 billion to ¥38.3 billion.
	Japan	Decreased to 88.2% year-on-year to ¥12.4 billion. Significantly influenced by the decline in automotive sector although sales for food sector were strong.
	China	Decreased to 87.2% year-on-year to ¥20.4 billion. Significantly influenced by the decline in automotive sector.
	Southeast Asia	Decreased to 96.7% year-on-year to ¥1.9 billion. Vietnam, Indonesia and the Philippines performed steadily, Singapore was weak.
	Europe, The US, and Others	Increased to 108.7% year-on-year to ¥3.5 billion Sales remained strong with increasing visibility and new business customers due to participation in exhibitions.
Profit		Operating profit was ¥1,240 million, 50.9% of the previous fiscal year Ordinary profit was ¥1,421 million, 59.4% of the previous fiscal year Loss attributable to owners of parent was ¥577 million (Profit attributable to owners of parent for the previous fiscal year was ¥1,390 million)
Net Cash		Increased by ¥95 million from the beginning of the fiscal year ended March 31, 2024, as management rationalization expenditure was covered by narrowing down capital investment, etc.



Income Statement Summary

(Unit: Millions of yen)

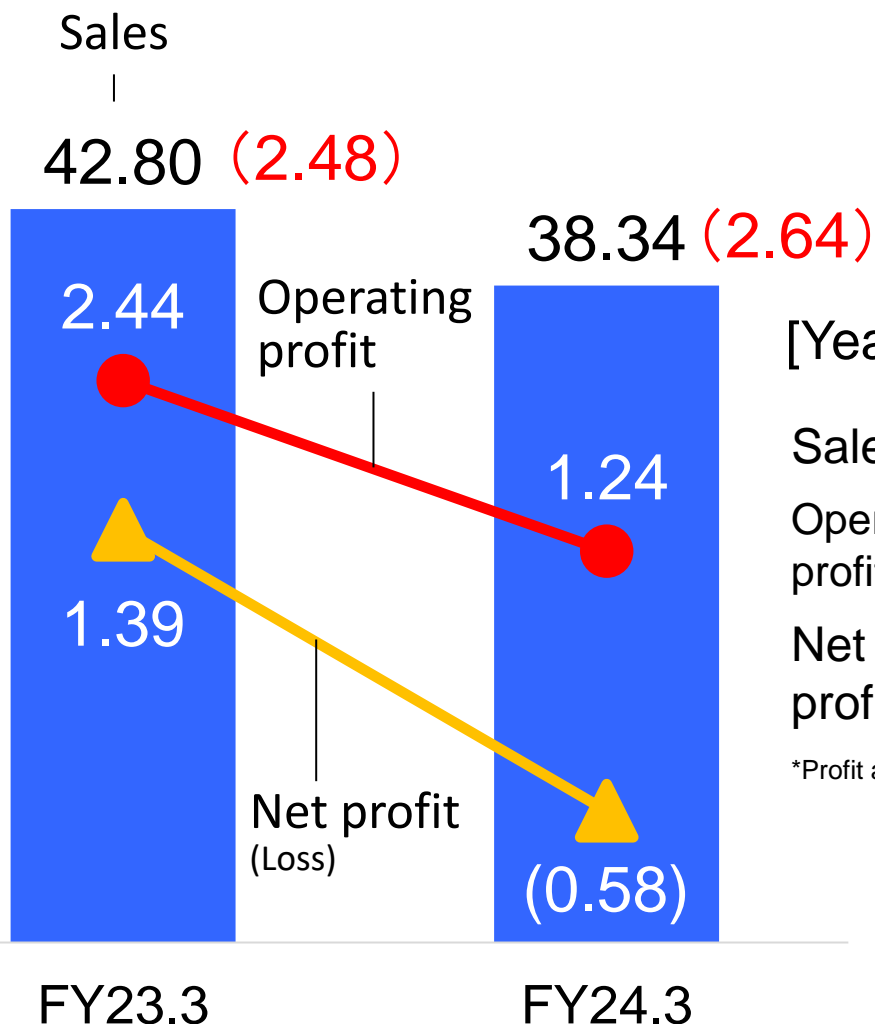
	FY23.3		FY24.3		Difference year-on-year	Percentage of change year-on-year
Sales		42,799		38,344	(4,455)	89.6%
Operating profit	5.7%	2,436	3.2%	1,240	(1,196)	50.9%
Ordinary profit	5.6%	2,394	3.7%	1,421	(972)	59.4%
Profit attributable to owners of parent (Loss)	3.2%	1,390	-	(577)	(1,967)	-

【Actual Exchange Rate】 1 RMB=19.80 JPY / 1USD=140.54 JPY



Sales and Profit

(Unit: Billions of yen) (FA sales)



[Year-on-year comparison]

Sales ¥4,455 million

decrease
in sales

Operating profit ¥1,196 million

decrease
in profit

Net profit* ¥1,967 million

decrease
in profit

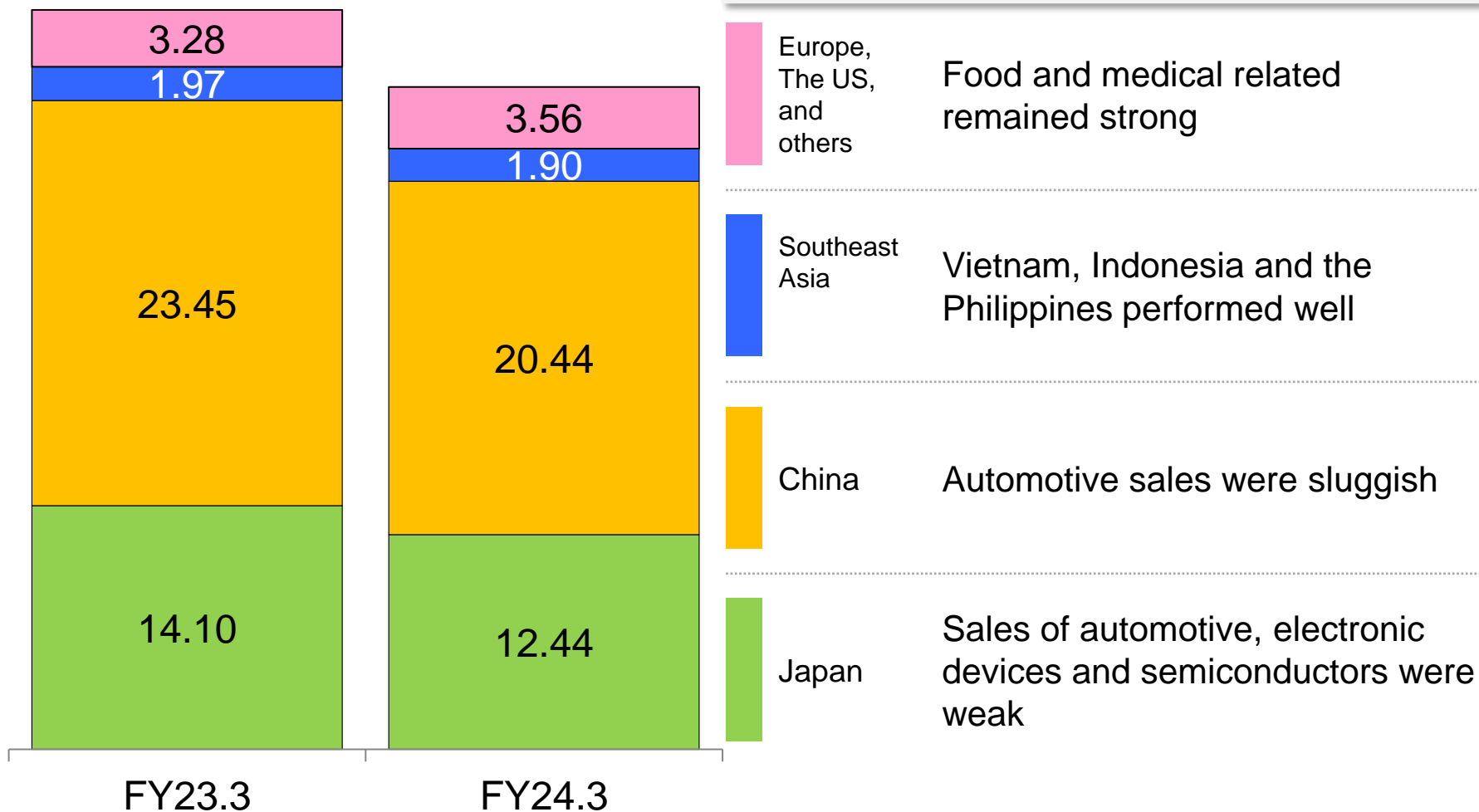
*Profit attributable to owners of parent



Sales by Region

(Unit: Billions of yen)

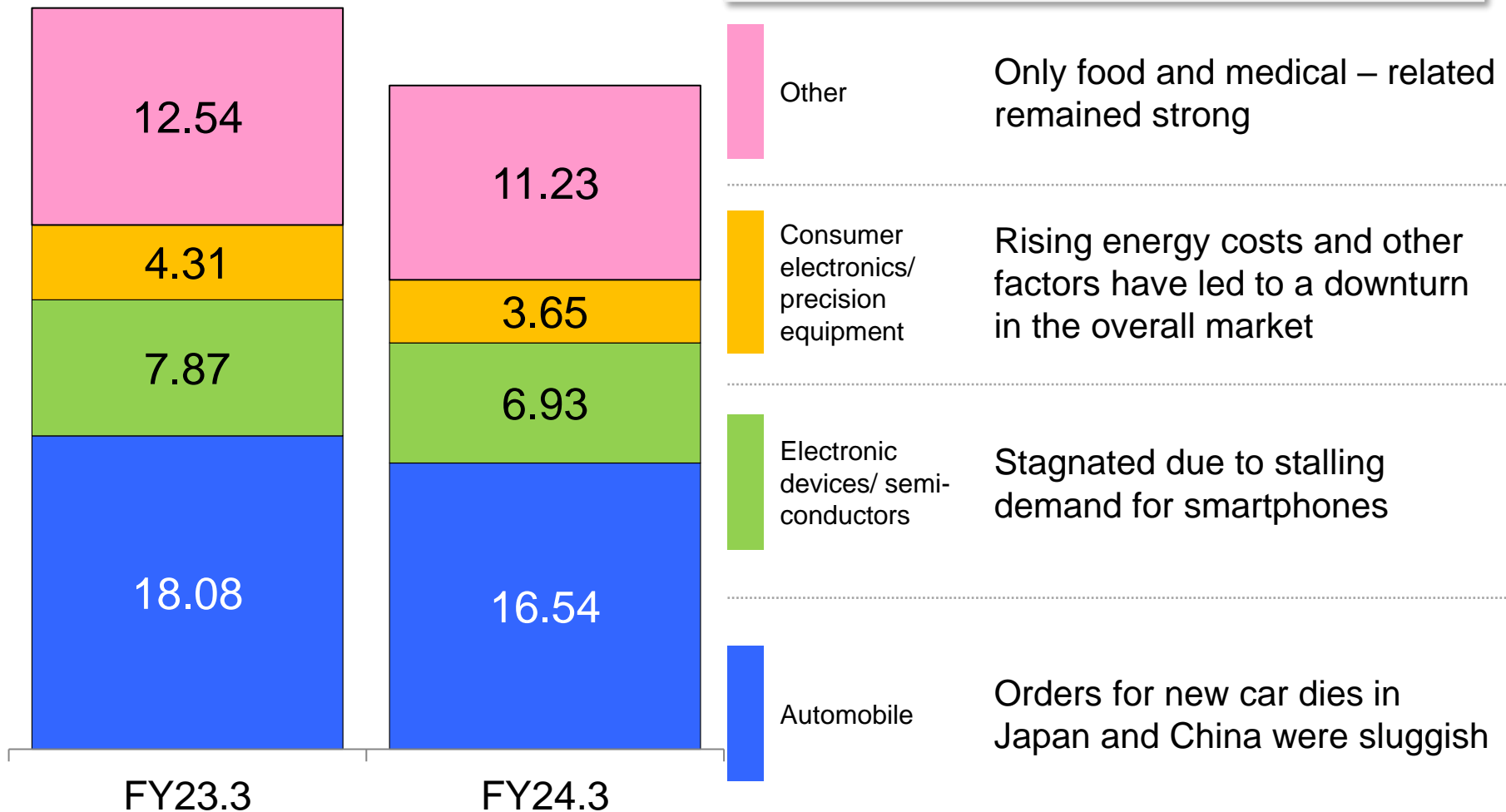
Sales were affected by a particularly significant decline in China



Sales by Industry

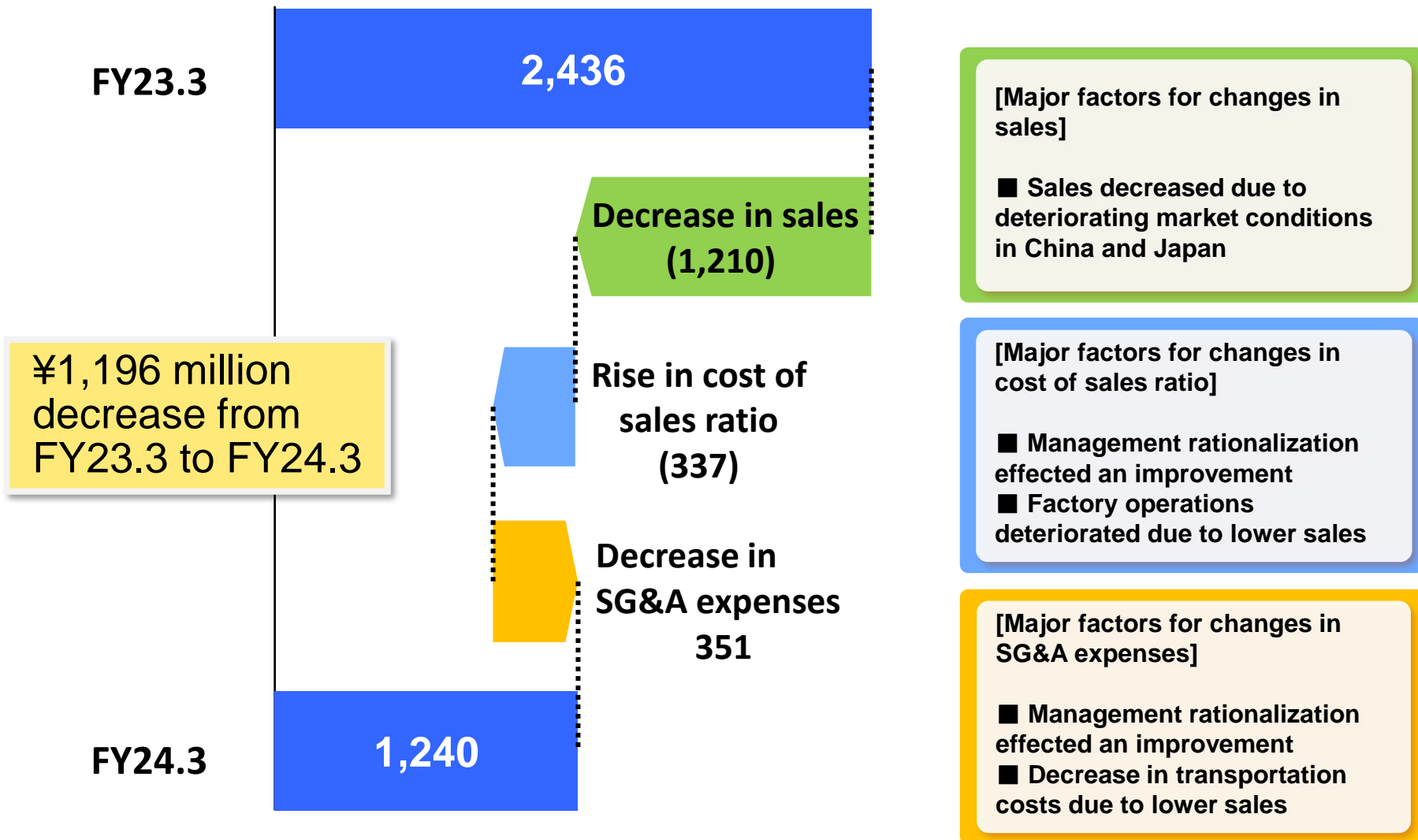
(Unit: Billions of yen)

Sales in all industries failed to reach the previous year's sales. The decline in sales in the automotive sector was particularly significant.



Operating Profit Changes

(Unit: Millions of yen)



Balance Sheet Summary

(Unit: Millions of yen)

	FY23.3	FY24.3	Year-on-year changes
Total assets	30,455	29,649	(806)
Total liabilities	11,403	10,899	(504)
Interest-bearing debt	2,997	3,721	724
Net assets	19,052	18,750	(301)
Net cash	2,215	2,310	95

Equity ratio	62.4%	63.1%	0.7pt
Return on equity (ROE)	7.9%	-	-
Return on invested capital (ROIC)	8.1%	3.9%	(4.2pt)

Capital expenditure (including intangible assets)	1,352	915	(436)
Depreciation (including intangible assets)	1,130	1,166	35



Cash Flows Summary

(Unit: Millions of yen)

	FY23.3	FY24.3
Cash flows from operating activities	2,560	1,276
Cash flows from investing activities	(1,546)	(680)
Free cash flow	1,013	596
Cash flows from financing activities	(756)	(2)
Changes in cash and cash equivalents (including translation adjustments)	543	791
Cash and cash equivalents at end of period	5,212	6,003



April 2024 - March 2025

**FY2023–2024 Mid-term Business Plan
“Value Creation 2024 Revival”
and FY25.3 Full-Year Earnings Forecasts**

Key Management Issues of VC2024 Revival

Specializing in high-value-added special order products business to pursue sustainable profit growth

Stock listing

VC15

VC2020

VC2024 Revival

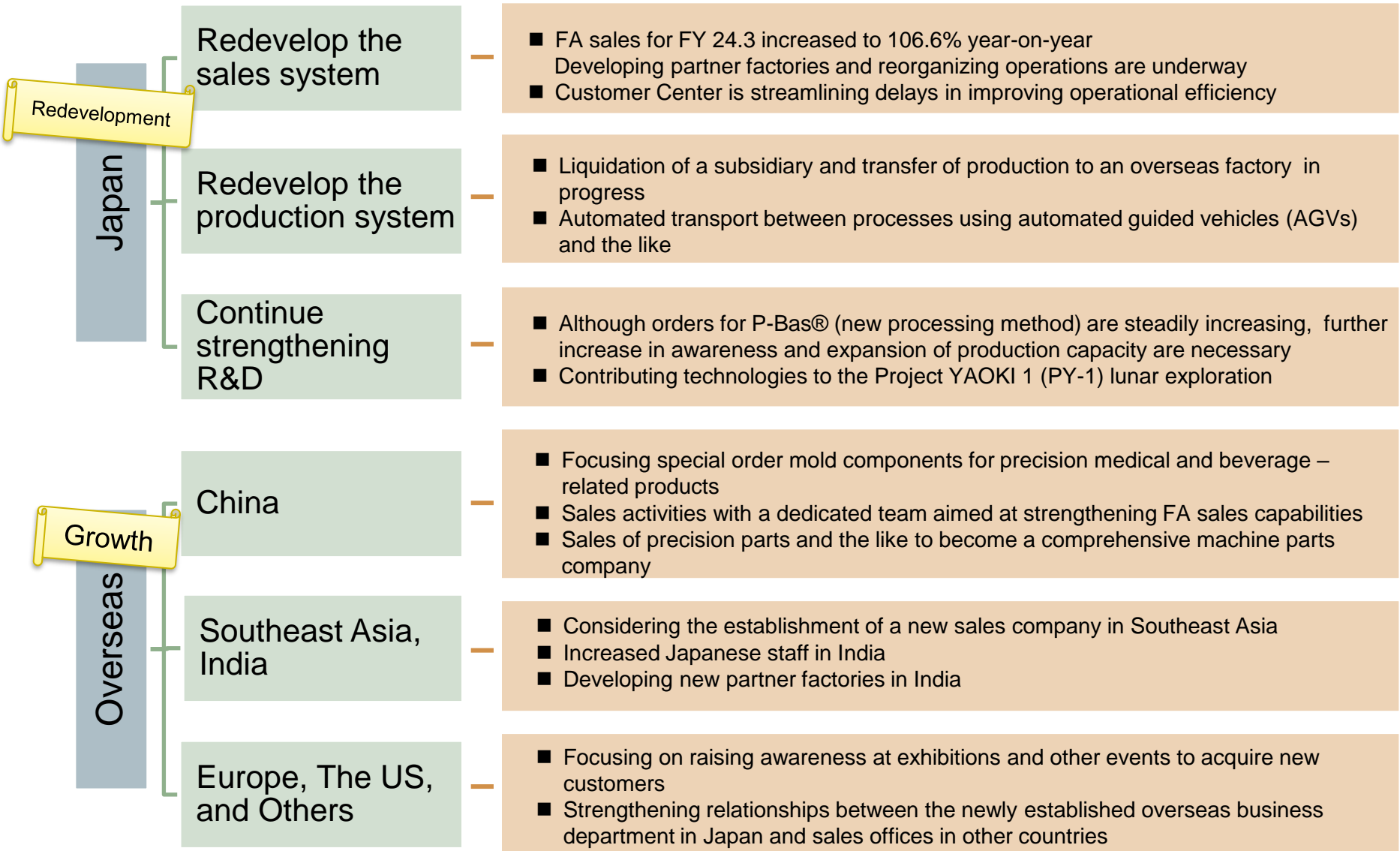
- Redevelopment of domestic business
- Growth in overseas business

- Establishment of 5-pole sales system
- Improving customer service
- Promoting highly profitable businesses, strengthening R&D
- Working-style reform

- Globalization
- Development of new markets
- Transition to a highly profitable business model



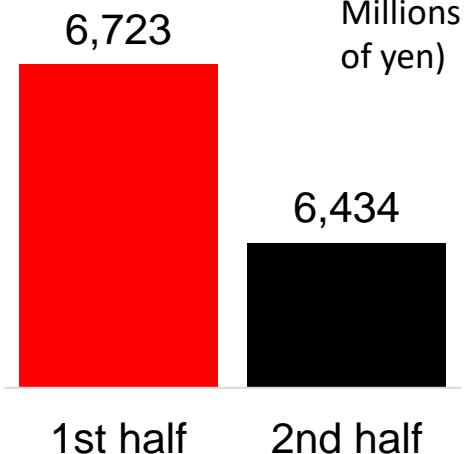
Key Measures of VC2024 Revival



Figures after Management Rationalization of Businesses in Japan (Comparison of First and Second Half of Fiscal Year)

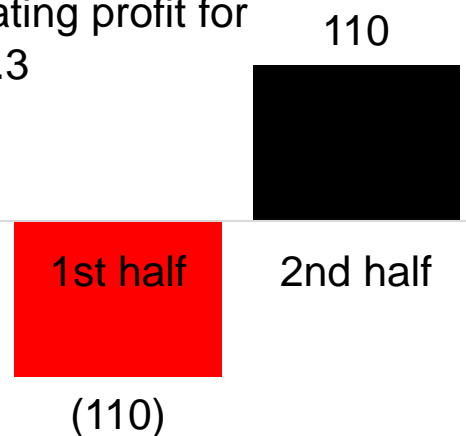
Management rationalization was implemented at the end of September 2023, including the solicitation of voluntary retirees and the dissolution of a consolidated subsidiary

Sales for FY 24.3



- Sales decreased by ¥289 million.
- Continued weakness in automotive orders, which account for a high proportion of sales
- Temporary disruption in sales and production due to downsizing

Operating profit for FY24.3



- Operating profit increased by ¥220 million
- Personnel expenses decreased due to management rationalization
- Profitability improved due to price revisions
- SG&A expenses decreased due to lower sales
- VC2024 Revival is aiming for “Specializing in high-value-added special order products business to pursue sustainable profit growth” in order to quickly rebuild the business structure and restore business performance by implementing the most important key measure, “redevelopment of businesses in Japan.”



FY25.3 Results and Dividend Forecasts

(Unit: Millions of yen)

	FY24.3 (Results)		FY25.3			
			Full-Year Earnings Forecasts	Difference year- on-year	Percentage of change year-on- year	
Sales		38,344		38,500	155	100.4%
Operating profit	3.2%	1,240	5.6%	2,150	909	173.3%
Ordinary profit	3.7%	1,421	5.5%	2,100	678	147.7%
Profit attributable to owners of parent (Loss)	-	(577)	3.1%	1,200	1,777	-
ROE		-		6.3%	-	-
Return on invested capital (ROIC)		3.9%		6.7%	2.8pt	-

FY25.3 Dividend Forecasts

Interim dividend of ¥9.80 per share + year-end dividend of ¥9.81 per share = ¥19.61 per share (planned)

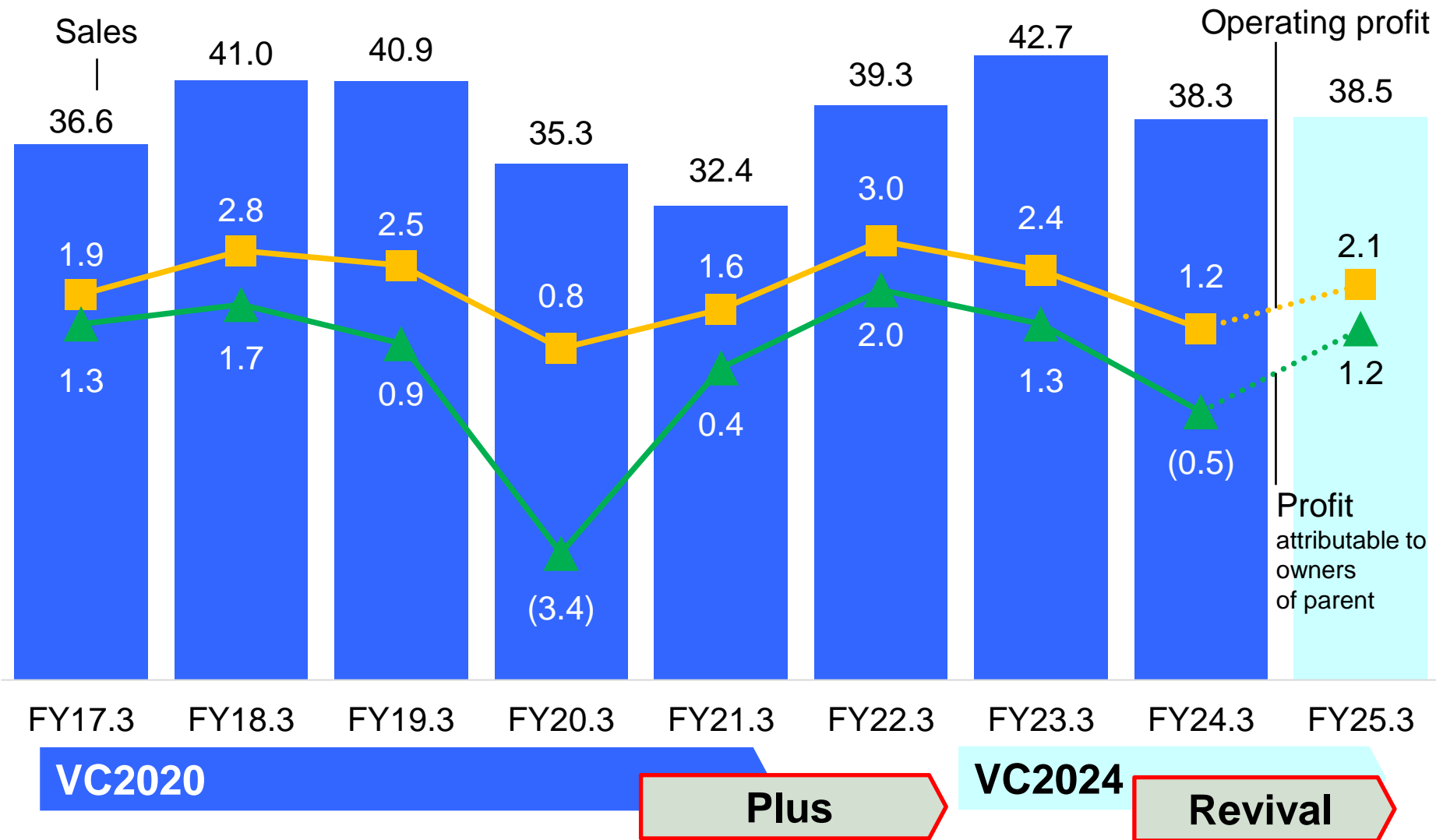
【Exchange Rate Forecasts】 1 RMB=19.50 JPY / 1USD=142.00 JPY

【Total Investment Plan】 Capital expenditure ¥1.5 billion / Depreciation ¥1.1 billion



Management Targets for VC2024 Revival

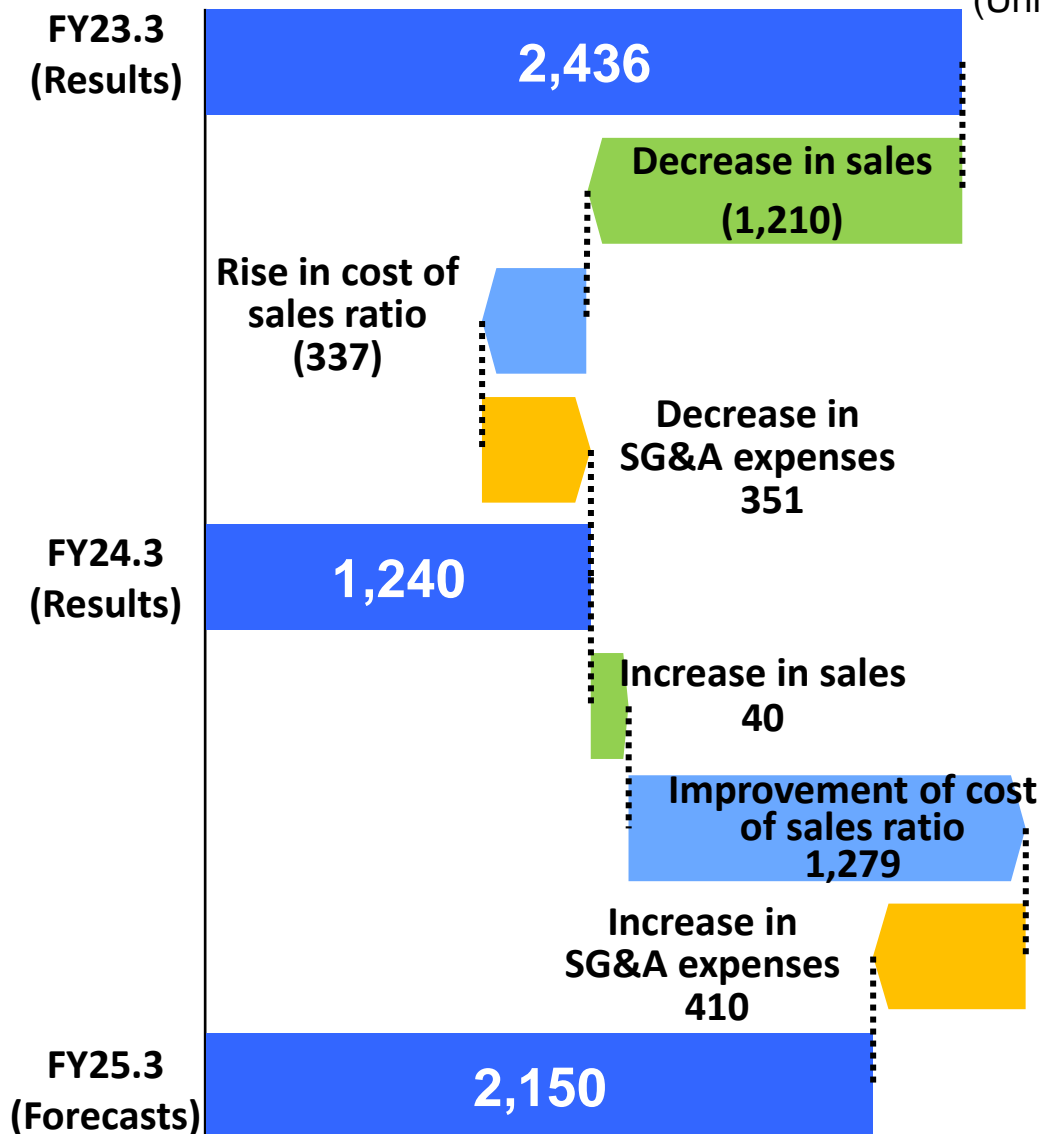
(Unit: Billions of yen)



Operating Profit Changes

(Unit: Millions of yen)

[FY25.3]



[Major factors for changes in sales]

■ Despite the ongoing deterioration of the market environment, particularly in Japan and China, we expect that the market has bottomed out during the fiscal year ended March 31, 2024 and will hold steady or slightly increase in the fiscal year ending March 31, 2025

[Major factors for changes in cost of sales ratio]

■ Improvement of cost of sales ratio due to management rationalization (production system restructuring, downsizing)

[Major factors for changes in SG&A expenses]

■ Increase in variable costs due to slight increase in sales
 ■ Decrease due to management rationalization (sales system redevelopment, downsizing)

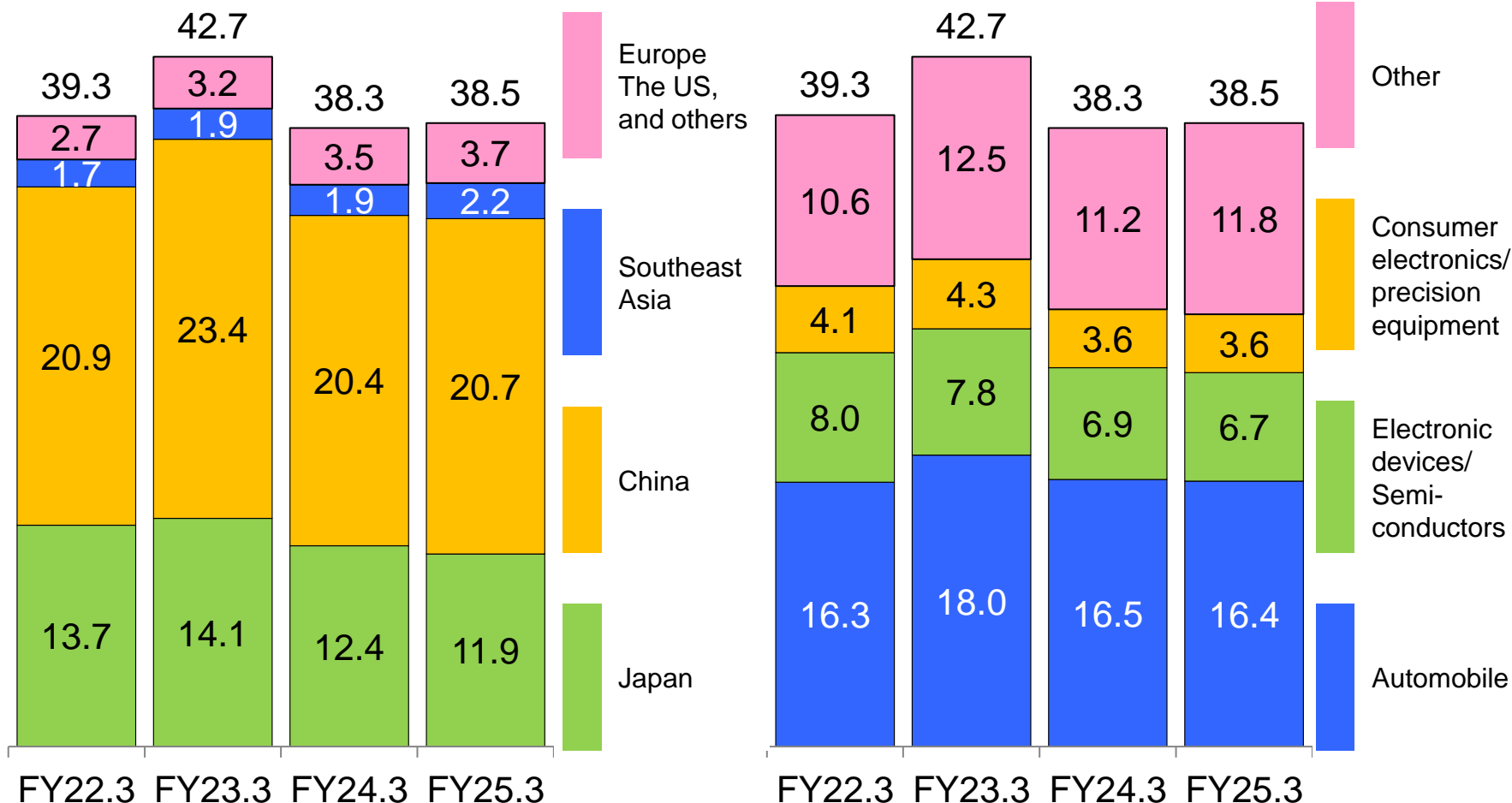


Numerical Targets for Sales by Region and Industry

Although the market is improving, sales growth is expected to be modest compared to FY24.3

(Unit: Billions of yen)

(Unit: Billions of yen)



Status of Response to “Management With an Awareness of Capital Cost and Share Price”

Ensure a healthy financial foundation, and improve corporate value by properly distributing the funds for shareholder returns and investments for further growth

Shareholders' equity	FY24.3	FY25.3 (Forecasts)
Average of beginning/end of FY	¥15,820 million	¥15,624 million
End of FY	¥15,259 million	¥15,989 million

Total dividends	FY24.3 DOE 3%	FY25.3 DOE 3%
Average of beginning/end of FY	¥474 million	¥468 million
End of FY	¥457 million	¥479 million

Dividend per share	FY24.3 DOE 3%	FY25.3 DOE 3%
Average of beginning/end of FY	¥19.40	¥19.16
End of FY	¥18.71	¥19.61

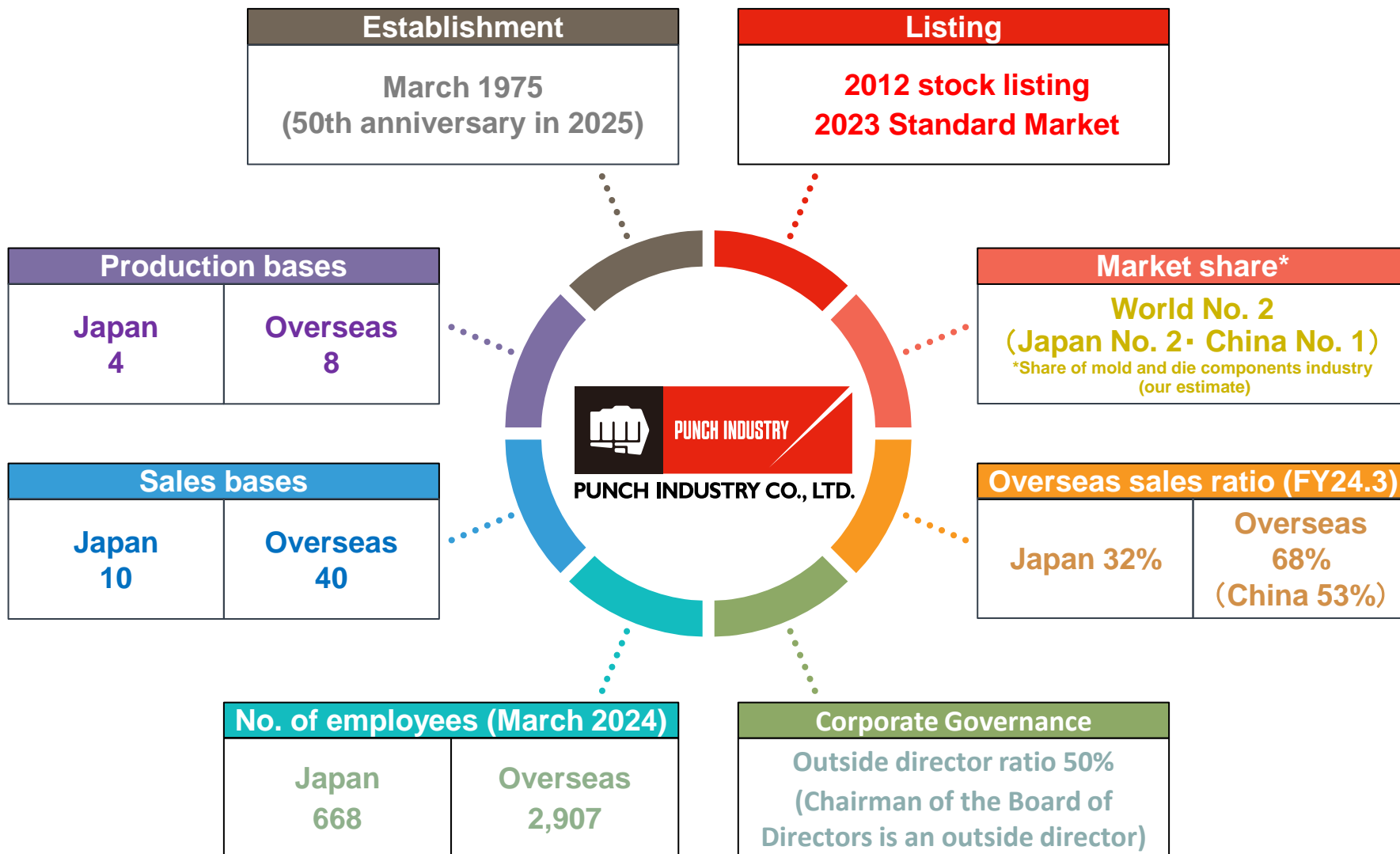
- Revision of the calculation method for the dividend on equity ratio (DOE)
 - Until FY24.3, the denominator was the average of shareholders' equity at the beginning and end of the fiscal year.
 - From FY25.3, only shareholders' equity at the end of the fiscal year is used as the denominator **in order to promptly reflect the effect of the improvement in shareholders' equity in the dividend payment.**
 - Annual dividend(s) for FY24.3 was calculated using the **previous** calculation method.
(A decrease of ¥0.69 when the revised calculation method is applied)
 - Annual dividend(s) forecast(s) for FY25.3 is calculated using the **revised** calculation method.
(A decrease of ¥0.45 when the previous calculation method is applied)



Reference Materials



Punch Group at a Glance



Management Structure

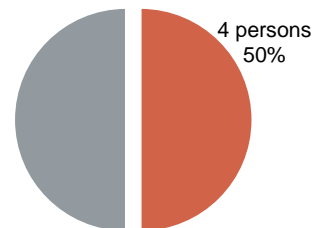
Profile of President and Representative Director

Name and date of birth	Career	
 Tetsuji Morikubo (January 22, 1977)	May 2003	Joined the Company
	Feb. 2005	PUNCH INDUSTRY (DALIAN) Co.Ltd.
	Nov. 2012	General Manager, Value Creation Promotion Office
	Apr. 2013	General Manager, Corporate Planning Office
	Apr. 2015	PUNCH INDUSTRY MALAYSIA SDN. BHD.
	May 2016	Executive Officer
	Jun. 2018	Director, Senior Executive Officer, Corporate Strategy
	Apr. 2019	Chief Strategy Officer Group Business Management
	Jun. 2019	Representative Director (incumbent) Executive Vice President
	Nov. 2019	President and Chief Executive Officer in charge of the Punch Industry Group (incumbent)

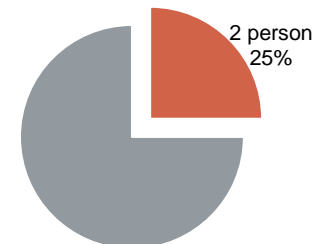
Board of Directors

Directors	Representative Director, President and Chief Executive Officer Chief Executive Officer (CEO)	Tetsuji Morikubo
	Director and Senior Executive Officer Chief Financial Officer (CFO)	Takao Murata
	Director and Senior Executive Officer Chief Operating Officer (COO)	Akira Takanashi
	Outside Director Chairman of the Board	Naruhiko Takatsuji
	Outside Director	Mariko Osato
Directors (Audit & Supervisory Board Member)	Director (Audit & Supervisory Board Member)	Minoru Kawano
	Outside Director (Audit & Supervisory Board Member)	Tomoo Suzuki
	Outside Director (Audit & Supervisory Board Member)	Chie Tabata

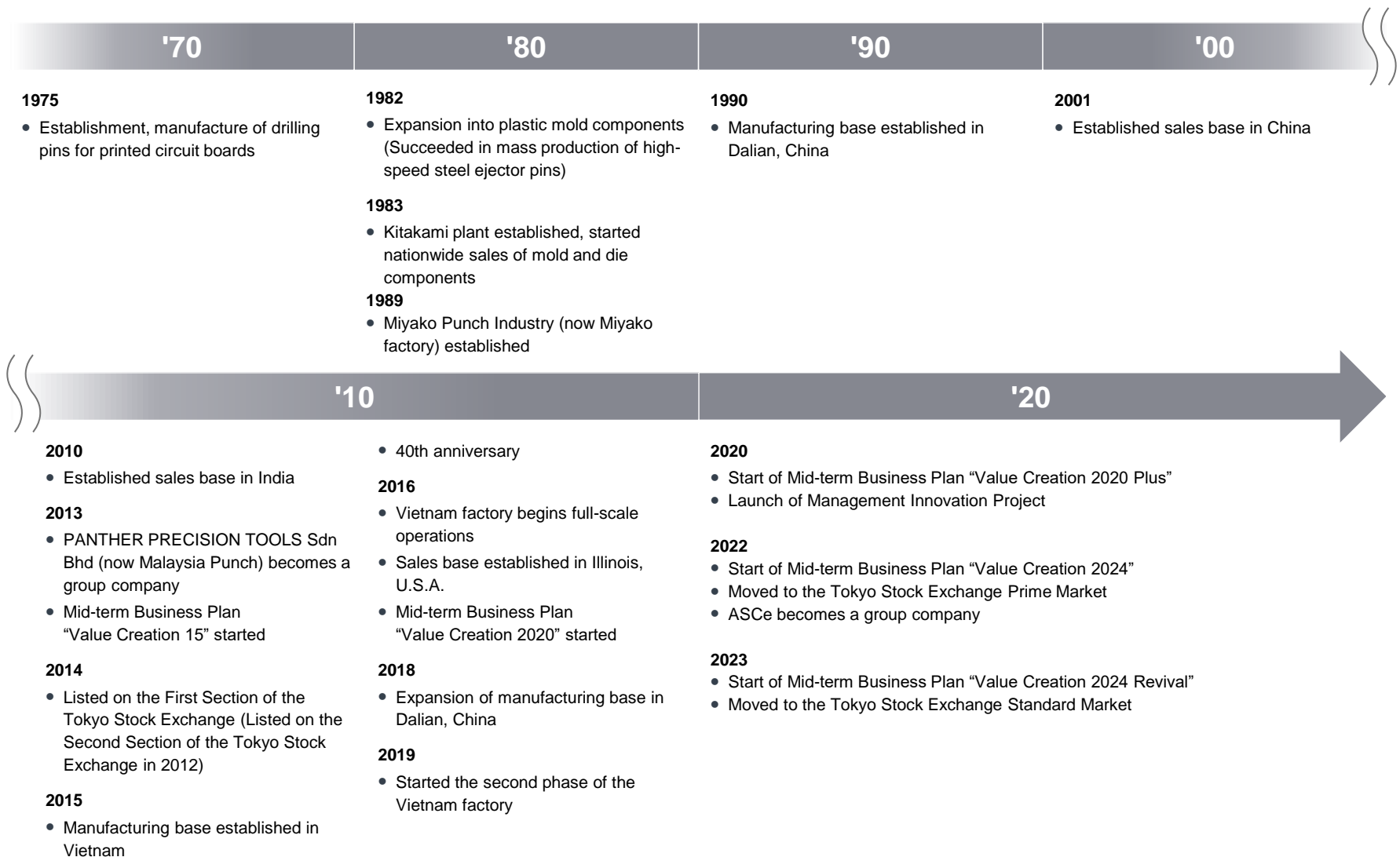
Ratio of Outside Directors



Ratio of Female Directors

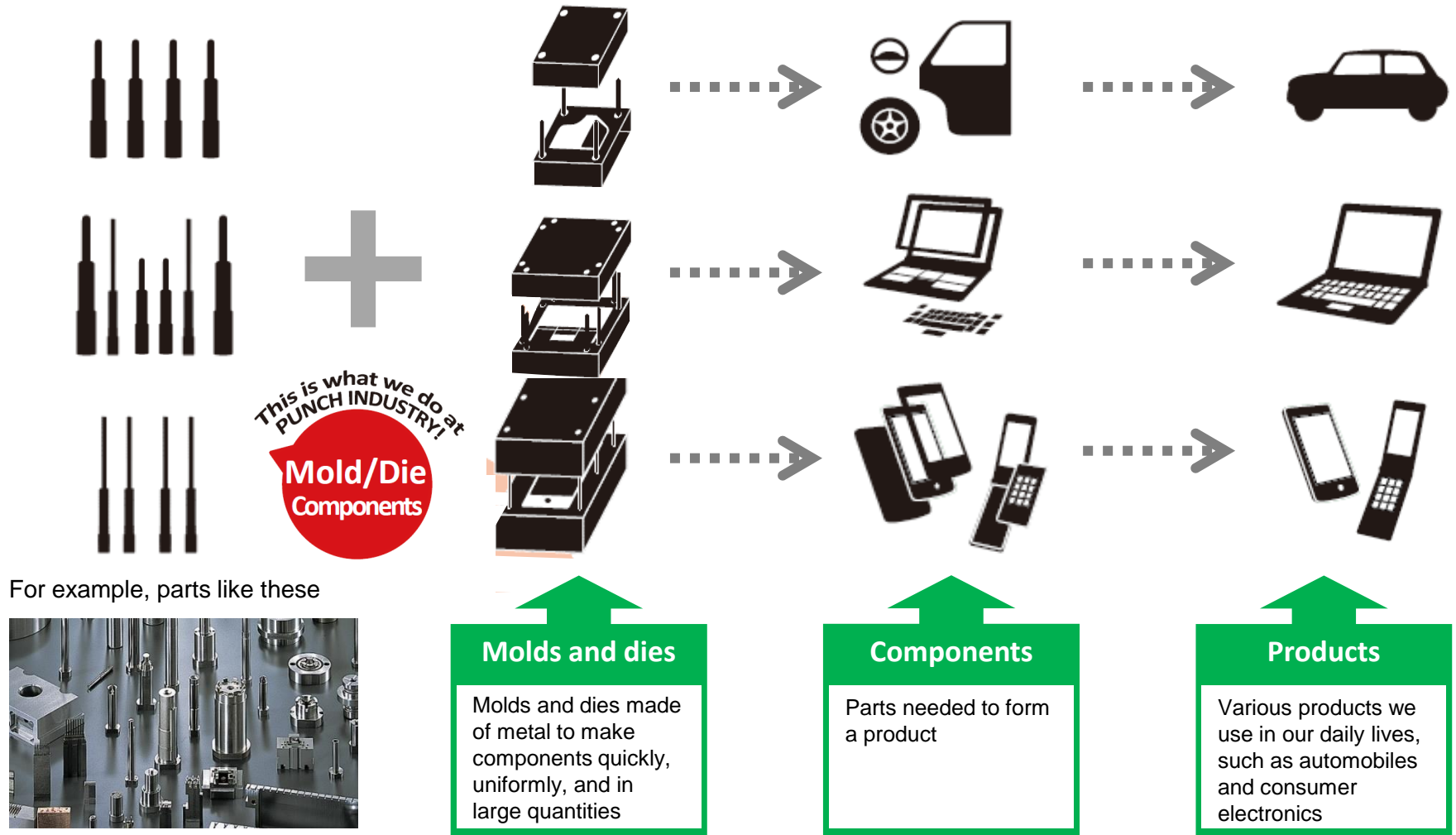


Punch Group History



Description of the Business

Manufacture and sale of a wide variety of precision mold and die components that are indispensable to the molds and dies. The “behind-the-scenes expertise” that enriches our life.



Punch Group's Core Products

Plastic mold components such as injection molding and press die components such as stamping dies, for a wide range of customers spanning upstream to downstream manufacturing

Plastic mold components

Plastic molds are used in the manufacture of many plastic products, including the exteriors of smartphones and digital cameras. Products are made by injecting heated, molten plastic resin into a mold mounted on an injection molding machine, cooling, and solidifying. The Punch Group manufactures and sells the components that make up these molds.



Core product

Ejector pin

This part (extrusion pin) is used to separate the injection-molded product from the mold itself and eject it.



Core product

Core pin

Used to form the product section, the shape of the core pin is transferred. The core pin forms a void in the product section or engraving on the product section.

Press die components

A die is mounted on a press machine (a machine that moves up and down), a metal sheet is placed between the upper and lower dies, and the press machine is operated to produce a product molded by the die. The Punch Group manufactures and sells the components that make up these dies.



Core product

Punch

Typical parts incorporated in press dies, these parts are used to make holes in metal plates and transfer shapes. Our company name comes from this punch.



Core product

Holder guide posts

These parts are used to maintain the correct relationship between the upper and lower molds.



Characteristics of the Punch Group

Japan and China

Leading share in special order molds and dies

* Our estimate



Catalog products

Extensive lineup of highly versatile standard products

Speedy solutions

Special order products

Capable of responding flexibly to custom needs

A one-stop production system
Over 2,000 units of equipment and wide ranging support

A customer-oriented business structure
Meticulous, responsive and capable

High technical capabilities

Expertise cultivated since the Company's founding, and untiring research and development



Punch Group Strengths and Network

Extensive lineup of versatile catalog products and special order products to meet custom needs supporting manufacturing across the world

Strengths of the Punch Group

Punch Group Network

Providing high customer satisfaction

Catalog products

Extensive lineup of highly versatile standard products



Timely, precise solutions

Special order products

Capable of responding flexibly to custom needs



A one-stop production system

with 2,000 units of equipment and wide-ranging support

A customer-oriented business structure

meticulous, responsive and capable

High technical capabilities

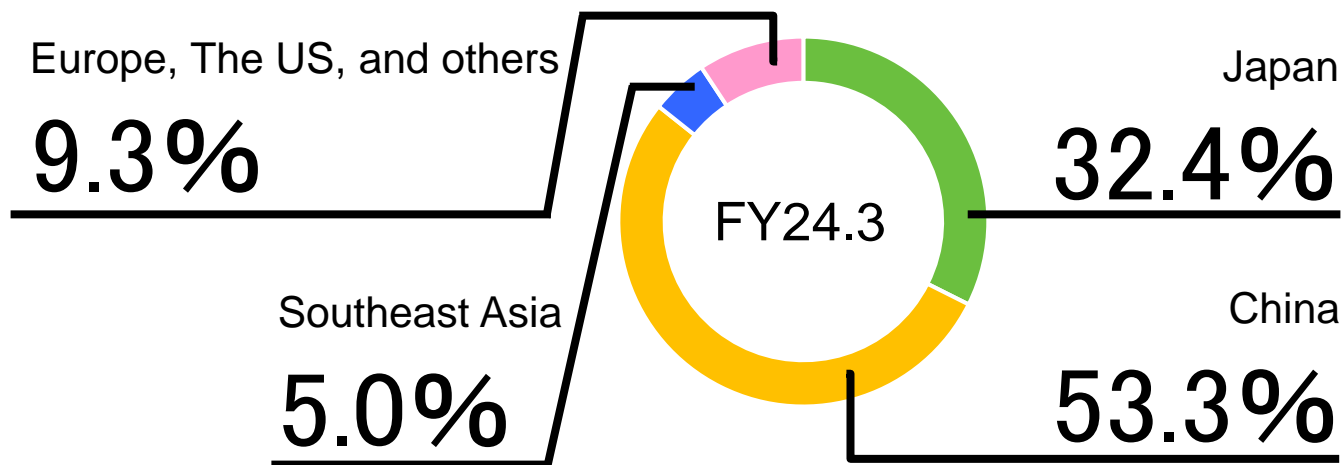
Expertise cultivated since the Company's founding, and untiring research and development

● Group companies ■ Sales agents

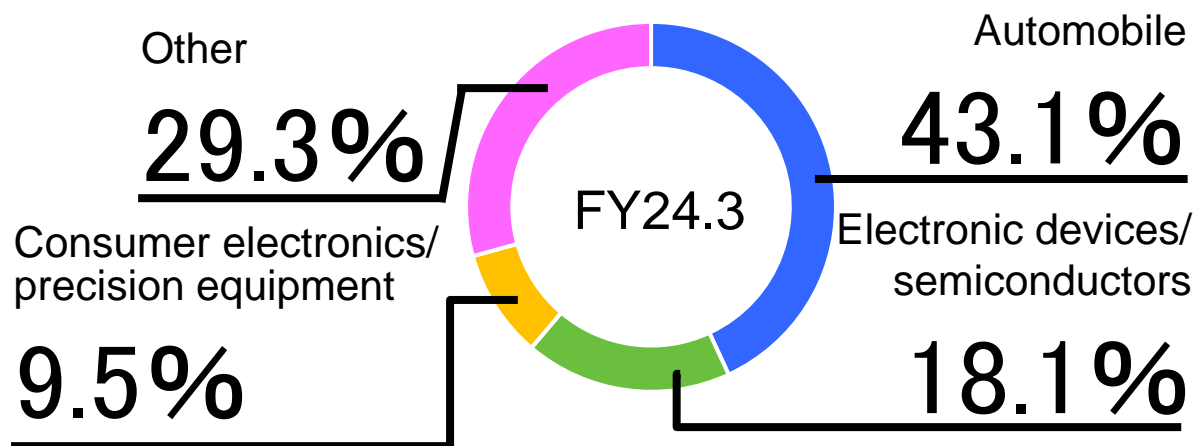


Composition of Sales by Region and by Industry

Composition of Sales by Region



Composition of Sales by Industry

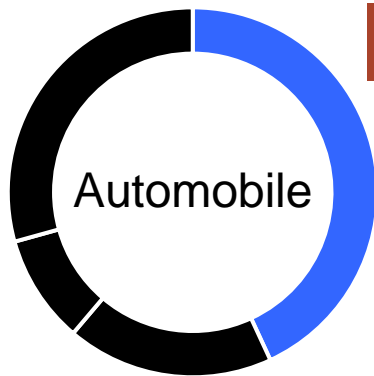


Major Customers by Industry

Main rivals in Japan:

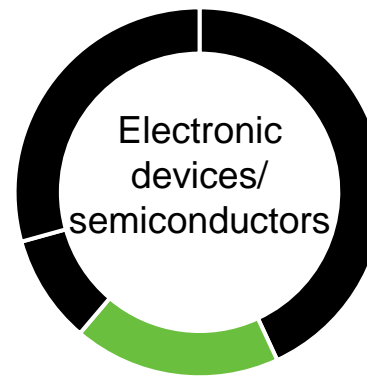
Major general machinery trading companies, local manufacturers of molds and dies, etc.

Main rivals in China: Chinese machinery trading companies, Chinese machinery manufacturers, etc.



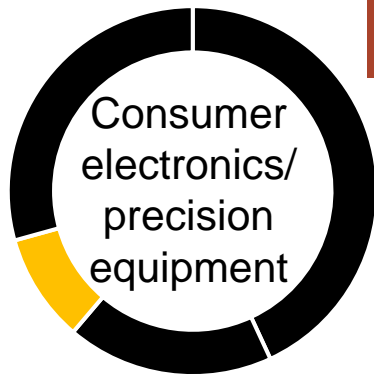
Major Customers

Automotive manufacturers and Tier 1, 2
Manufacturers of molds and dies



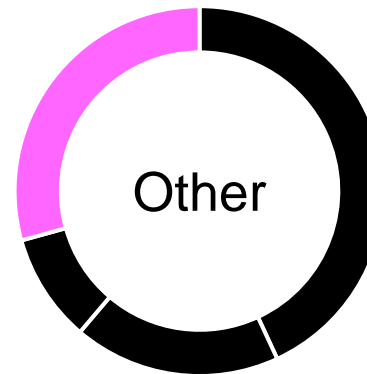
Major Customers

Electronic device manufacturers
Semiconductor equipment manufacturers
Manufacturers of molds and dies



Major Customers

Consumer electronics manufacturers
Manufacturers of molds and dies



Major Customers

Stationery manufacturers
Toy manufacturers
Medical manufacturers
Beverage container manufacturers
Global trading companies
Manufacturers of molds and dies



Image of end users (e.g. Automotive)

Many end users are manufacturers of molds and dies

Automotive manufacturers



Manufacturers of bodies, exteriors, seats, connectors, etc.



Manufacturers of molds and dies



Punch Group



Exhibitions / Seminars (2023~2024)

Terms		Location		Exhibition
15 ~ 16 Nov	Japan	Tokyo	Monodukuri Partner Forum Tokyo	
29 Nov	Japan	Tokyo	Shinagawa SDGs Forum	
6 ~ 9 Dec	Indonesia	Jakarta	Manufacturing Indonesia 2023	
20 Jan	Japan	Tokyo	IR/Stock Investment Expo	
26 Jan	Japan	Fukuoka	Kitakyushu Future Creation Seminar	
1 Feb	Japan	online	Next Generation Mold/Die Technology Webinar	
14 ~ 17 Feb	India	Mumbai	Die & Mould India International Exhibition	



Manufacturing Indonesia 2023



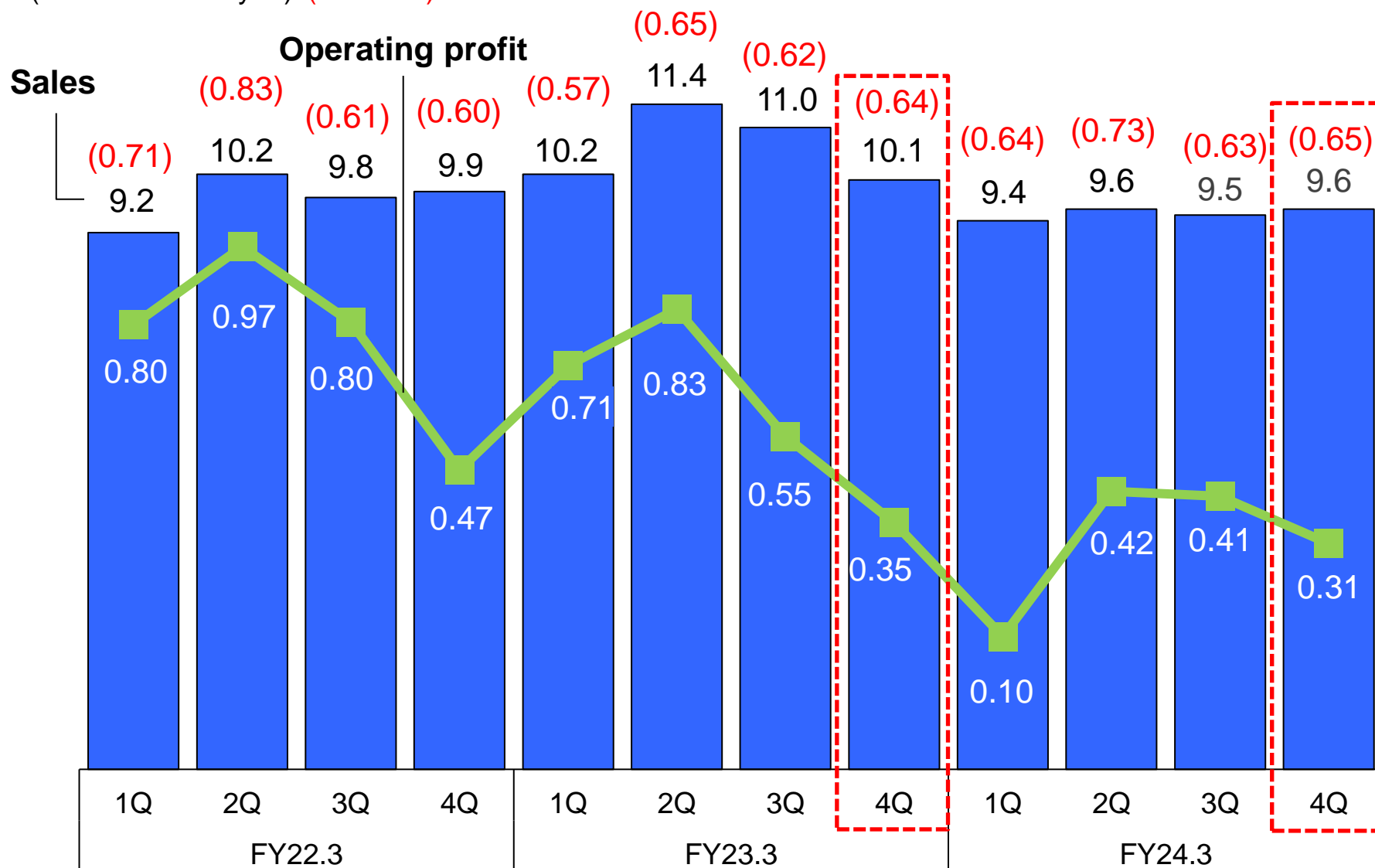
Shinagawa SDGs Forum



Die & Mould India International Exhibition

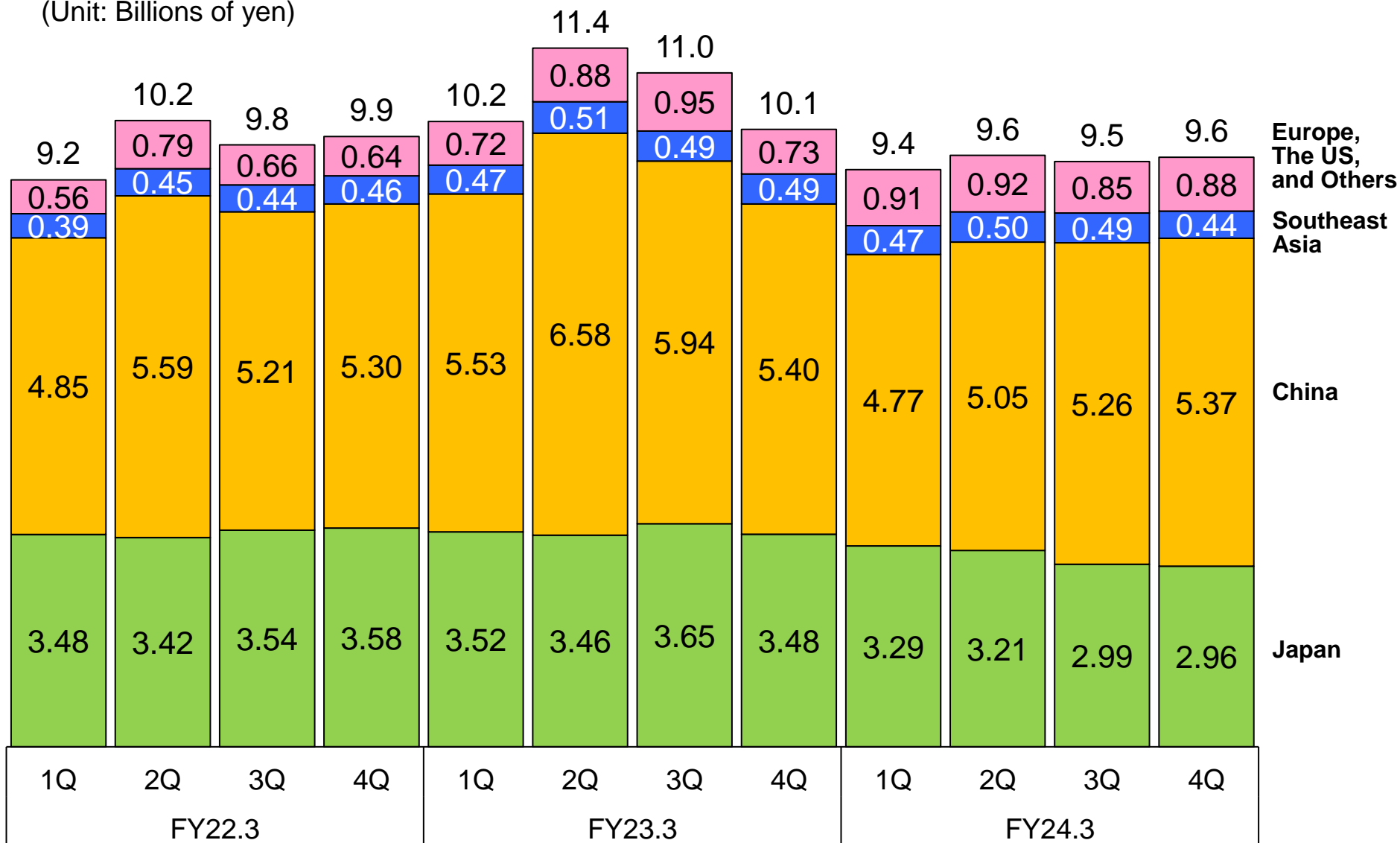
Sales and Operating Profit

(Unit: Billions of yen) (FA sales)



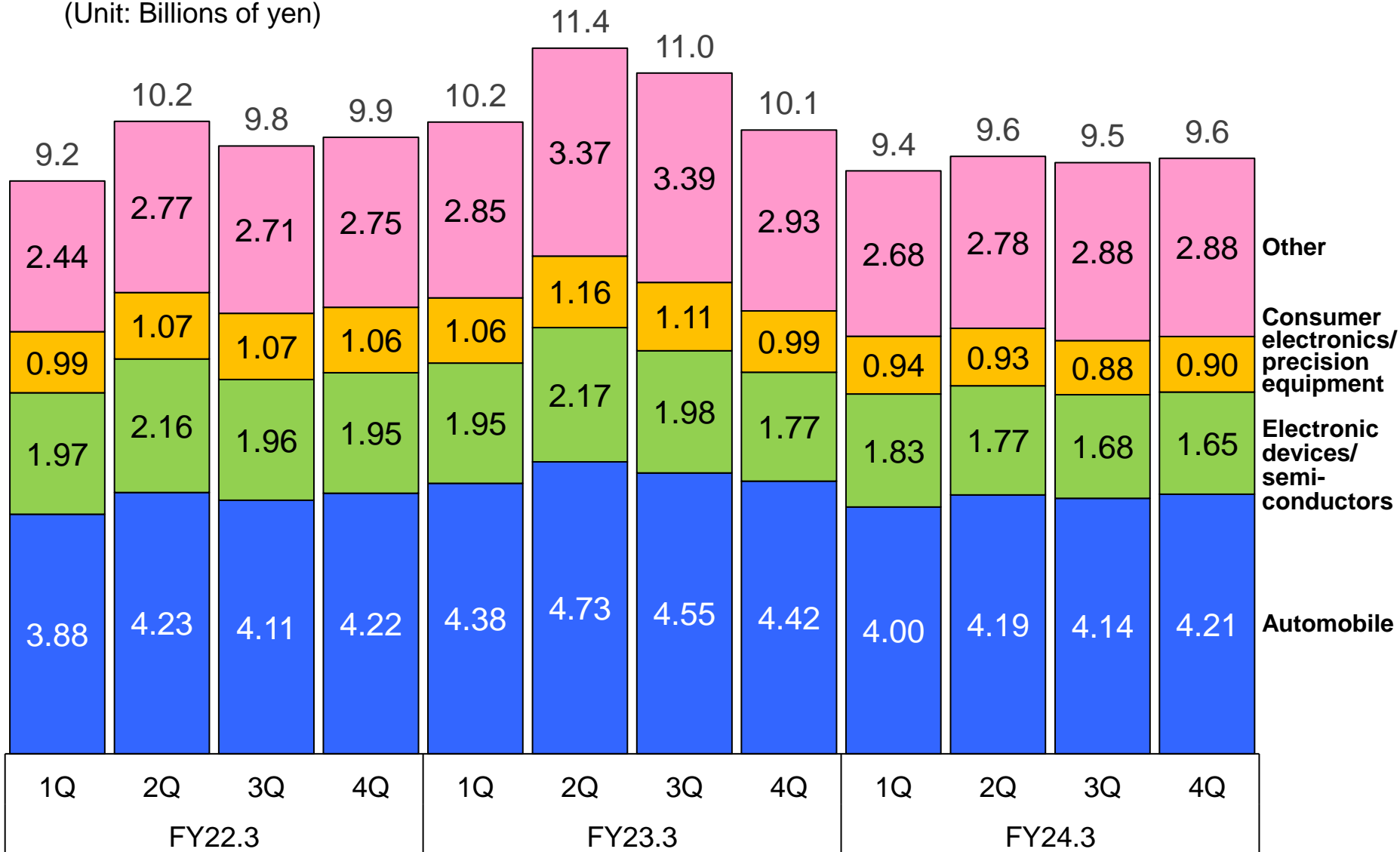
Sales by Region

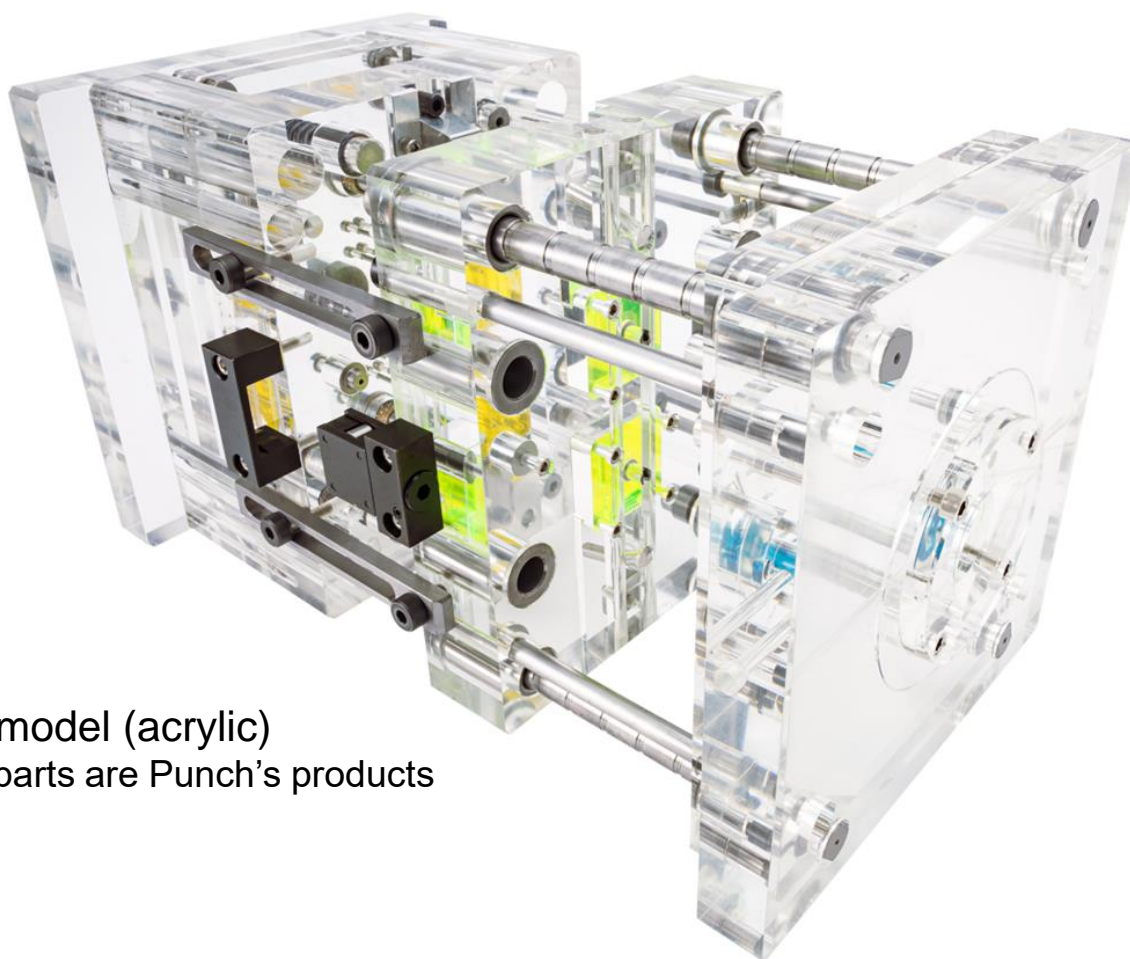
(Unit: Billions of yen)



Sales by Industry

(Unit: Billions of yen)





Mold model (acrylic)
Metal parts are Punch's products

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Disclaimer Regarding Forward-Looking Statements

This report contains forward-looking statements regarding Punch Industry's future plans, strategies, and forecasts. Such statements are not based on historical fact, but are expectations, estimates, and forecasts based on information currently available. These expectations, estimates, and forecasts involve many potential risks and uncertainties, including changes to the economy, exchange rate variations, changes in the competitive environment, the outcome of current or future litigation, or the continued usefulness of capital procurement.

As a result, actual business results may differ materially from these statements. Accordingly, investors are cautioned not to place undue reliance on forward-looking statements. Punch Industry is not obliged to amend these forward-looking statements based on new information or future events.