

PUNCH INDUSTRY (6165)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2021		32,462	1,613	1,676	477	21.90	2.00	568.26
FY03/2022		39,358	3,041	3,007	2,040	93.36	13.00	737.40
FY03/2023CoE		43,500	3,300	3,270	2,100	94.99	13.00	-
FY03/2022	YoY	21.2%	88.5%	79.4%	327.2%	-	-	-
FY03/2023CoE	YoY	10.5%	8.5%	8.7%	2.9%	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2022		19,523	1,768	1,736	1,258	-	-	-
Q3 to Q4 FY03/2022		19,834	1,273	1,271	781	-	-	-
Q1 to Q2 FY03/2023CoE		21,500	1,660	1,640	1,070	-	-	-
Q3 to Q4 FY03/2023CoE		22,000	1,640	1,630	1,030	-	-	-
Q1 to Q2 FY03/2023CoE	YoY	10.1%	(6.1%)	(5.5%)	(15.0%)	-	-	-
Q3 to Q4 FY03/2023CoE	YoY	10.9%	28.8%	28.2%	31.7%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (12 July 2022)


Focus on FA Domain

PUNCH INDUSTRY, manufacturing and selling parts of molds & dies in Japan and overseas, has renewed its record high earnings since the listing for FY03/2022, while planning to see sustainable growth from a long-term perspective for the future at the same time. The Company, steadily capturing a recovery in demand following coronavirus crisis, has seen a favorable recovery of sales in the mainstay regions, i.e., China and Japan, while the same applies to Southeast Asia and Europe, Americas, etc. For China, sales have enlarged more than the levels prior to coronavirus crisis, which generated a major effect on increased sales, having substantially contributed to the renewal of record high earnings since the listing. Still, FY03/2023 Company forecasts assume a deceleration in the rate of growth for sales in China as well as a negative impact to earnings in local subsidiaries stemming from appreciation of Chinese yuan. Meanwhile, the Company's midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025) aims to promote efficiency in mass production of parts of molds & dies with capital investment of collective ¥5,000m during the period. On top of this, the Company says that it “incorporates demand associated with automation and labor-saving as new engine of growth.” In other words, it has been revealed that the Company now has a policy to focus on products belonging to the factory automation (FA) domain, including “special order products.” The Company, considering all those issues, is calling for CAGR of 8.3% for sales and 18.0% for operating profit during the period of the plan on a quantitative basis and even faster growth from a qualitative aspect.

IR representative: Hayato Matsuda, Corporate Strategy Planning Office (info-corp@punch.co.jp)

2.0 Company Profile

Manufacturing and Selling Parts of Molds & Dies in Japan and Overseas

Company Name	PUNCH INDUSTRY CO., LTD. Company Website IR Information Share price (Japanese)	
Established	29 March 1975	
Listing	4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 6165) 14 March 2014: Tokyo Stock Exchange 1st section 20 December 2012: Tokyo Stock Exchange 2nd section	
Capital	¥2,944m (as of the end of March 2022)	
No. of Shares	22,332,400 shares, including 275,868 treasury shares (as of the end of March 2022)	
Main Features	<ul style="list-style-type: none"> ● Customers of collective 15,000 or more in the number, market share the second largest on a global basis (estimated by the Company) ● Ranked the second in Japan for market share and the first in China ● Supplying high-value-added special order products to manufacturers of molds and dies, while selling catalog products at the same time 	
Segment	I . Parts of Molds & Dies Business	
Representative	Representative Director, President and CEO: Tetsuji Morikubo	
Shareholders	MT Kosan 17.04%, Caceis Bank Germany Customer Acc. 10.85%, Master Trust Bank of Japan, T. 9.54% (as of the end of March 2022, but for treasury shares)	
Head Office	Shinagawa-ku, Tokyo, JAPAN	
No. of Personnel	Consolidated:4,006, Parent:1,029 (as of the end of March 2022)	

Source: Company Data

3.0 Corporate Vision

Aiming to Establish the Leading Brand for Parts of Molds & Dies

The Company, founded by Yuji Morikubo (appointed as honorary chairperson on 24 June 2015), goes for “achieving high profitability by leveraging own competitive advantages as a manufacturer integrated with sales capability, while establishing the leading brand of parts of molds & dies” as its corporate vision. In March 1975, Yuji Morikubo set up Kamba Shokai Co., Ltd. in Shinagawa-ku, Tokyo, having started up the manufacture of pins to make holes for printed circuit boards, which was followed by change for the corporate name to PUNCH INDUSTRY CO., LTD. in August 1977.

In August 1982, the Company succeeded in the mass production of high-speed steel ejector pins earlier than any other trades on a global basis, having entered into the operations to manufacture and sell parts of molds in earnest. Prior to this, the Company used to run operations basically of stocking and selling for parts of molds & dies. Then, in October 1990, the Company set up manufacturing base in Dalian, China. In early days, the said operations were nothing but of processing raw materials imported from Japan into semi-finished products to be finished in Japan. However, given increased volume of home electrical appliances, automobiles, etc., locally manufactured, the Company has started up locally selling parts of molds & dies locally manufactured since April 2002. Meanwhile, in December 2012, the Company was listed on Tokyo Stock Exchange 2nd section, which was followed by listing change to Tokyo Stock Exchange 1st section in March 2014.

On 1 November 2019, Tetsuji Morikubo was appointed as representative director, president and CEO. According to his conviction, what the Company should do is not to "obtain orders from what we can do" but to "change ourselves to meet the needs of our customers." In other words, it has been revealed that the Company intends to proactively address each of its customers' problems by leveraging “own advantages as a manufacturer integrated with sales capability,” while "the leading brand of parts of molds & dies” is established, when the Company is always being “the first candidate for customers,” which is the utmost business challenge advocated by Tetsuji Morikubo.

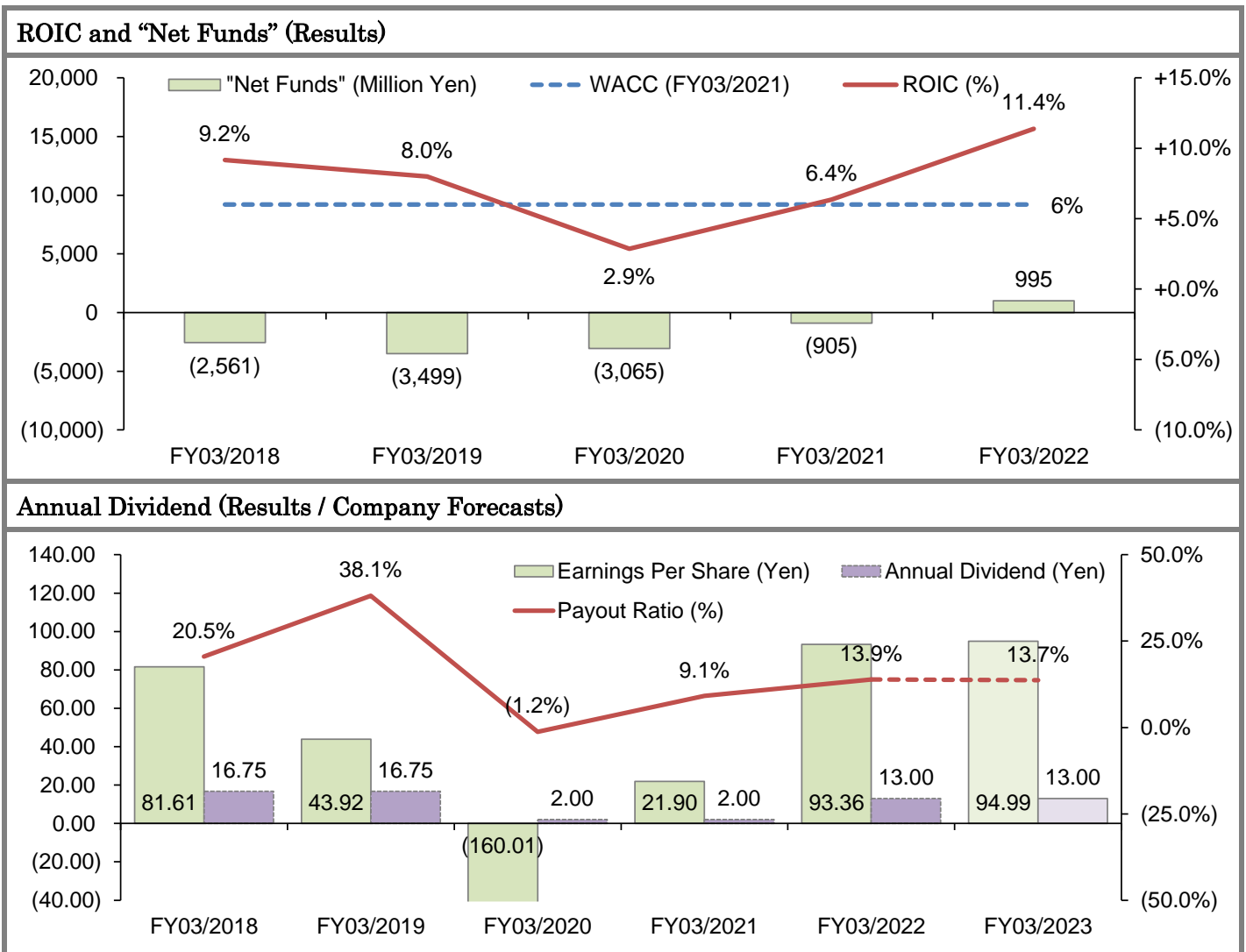
Now then, on 28 March 2022, the Company announced its midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025), which was followed by the listing change to Tokyo Stock Exchange Prime Market on 4 April 2022. Meanwhile, the Company has just revealed its intention to work on new measures with an objective of enhancing its corporate value with “our aspiration” newly set, where it “incorporates demand associated with automation and labor-saving (in the manufacturing processes) as new engine of growth,” always being “the first candidate for customers” at the same time. Specifically, the Company goes for three business challenges, i.e., Expanding of the Operations New and Existing, Strengthening of the Manufacturing System and Strengthening of R&D. At the same time, Company also goes for three measures to propel, i.e., DX Promotions, Financial Strategy and Sustainability in order to support all those challenges. For Sustainability, the Company presses on to solutions for “earth’s environment” and “social issues”, advocated by SGDs, ESG, etc. as the measures and policies, while this is also expected to enhance the corporate value.

Company History (extract)

Date	Events
March 1975	Founded and started the manufacture of pins to make holes for printed circuit boards
August 1982	Entered into the manufacture of parts of molds (succeeded in mass production of high-speed steel ejector pins)
November 1983	Set up Kitakami factory
May 1989	Set up Miyako Punch Industry (currently, Miyako factory)
October 1990	Set up manufacturing base in Dalian, China
July 2001	Set up sales base in China
September 2010	Set up sales base in India
December 2012	Listed on Tokyo Stock Exchange 2nd section
August 2013	Consolidated Panther Precision Tools as subsidiary (currently, Malaysia factory)
November 2013	Announced midterm management plan Value Creation 15
March 2014	Listing change to Tokyo Stock Exchange 1st section
March 2015	40th anniversary of founding
December 2015	Set up manufacturing base in Vietnam
March 2016	Announced midterm management plan Value Creation 2020
October 2016	Started utilizing Vietnam factory on a full-fledged basis
April 2017	Set up sales base in Illinois, the United States
May 2018	Expanded capacity for manufacturing base in Dalian, China
March 2019	Started up the second phase in Vietnam factory
May 2020	Announced midterm management plan Value Creation 2020 Plus
May 2020	Launched business innovation project
March 2022	Announced midterm management plan Value Creation 2024
April 2022	Listing change to Tokyo Stock Exchange Prime Market

ROIC-oriented Management

With respect to above-mentioned Financial Strategy, the Company focuses on ROIC-oriented management, which is expected to “improve profitability,” making it possible for the Company to pursue its corporate value with growth investment and to secure a stability of dividend. Since the beginning of the period of midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025), the Company has started to undertake the task in earnest. According to the Company, the FY03/2021 results suggest WACC of some 6% in its estimates versus ROIC of 6.4% for FY03/2021 and 11.4% for FY03/2022 in our estimates based on the Company’s suggestions.

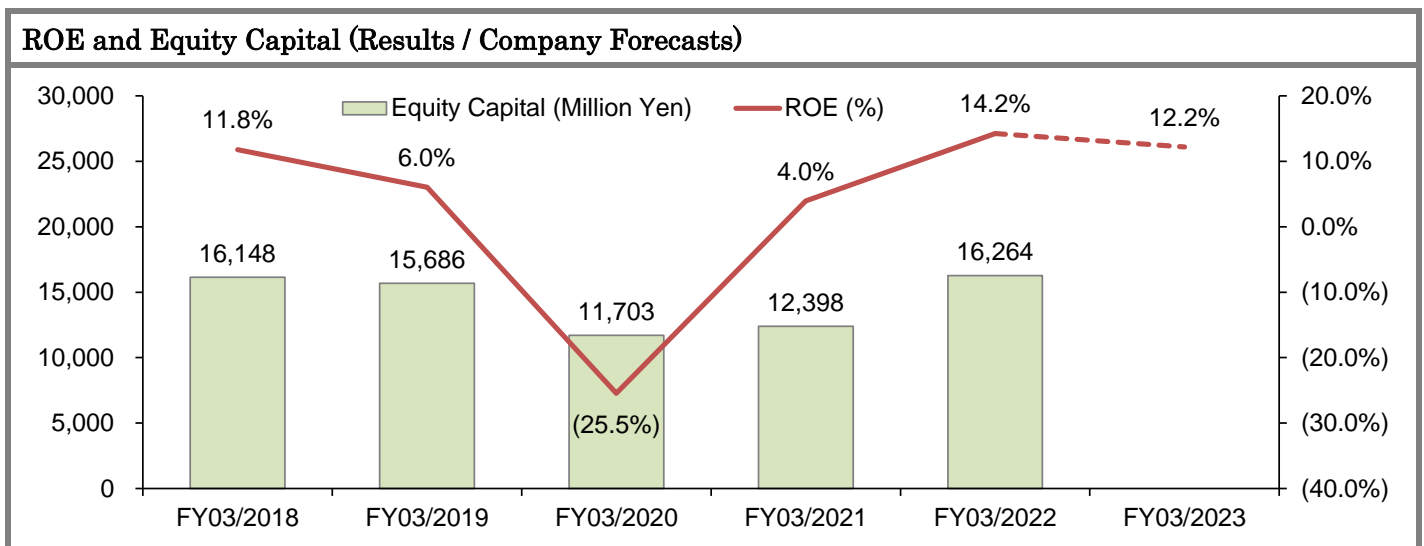


Source: Company Data, WRJ Calculation

Thus, the Company is already seeing ROIC exceeding WACC, while trying to further widen the spreads between the two in the future by means of the measure to “improve profitability,” according to the Company. As the target, the Company is going for a stable achievement of at least 10% for ROIC in the future and it has a plan to pursue the optimal balance between growth investment and stable dividend with cash generated from here as above-mentioned. Consequently, this is expected to realize sustainable growth from a long-term perspective, according to the Company. Meanwhile, the Company has a policy to widen the spreads only by raising ROIC and it does not have an idea to lower WACC.

ROE and Equity Capital

Meanwhile, as before, the Company aims to satisfy improvement of ROE and enhancement of equity capital at the same time. In other words, the Company would not be happy to heighten leverage (to increase dependance on interest-bearing debt) to accelerate business development in the future and thus it has been revealed that the Company has a policy to secure a sound state of financial background, including that of “net funds” (= cash and deposit – interest-bearing debt, including lease obligations, etc.), which is an indicator raised by the Company to imply the extent of dependance on interest-bearing debt. For example, on 16 December 2021, the Company released Supplementary Briefing Materials for Issuance of 4th Share Acquisition Rights with Exercise Price Adjustment Clauses through Third-party Allocation, having revealed its plan and details of the scheme to raise ¥1,268m by means of equity financing with planned use for prospective capital investment, etc. On 4 January 2022, the said allocation was concluded and the exercise period that extends to some three years commenced on the following day. With respect to this equity financing, the Company suggests that there is an aspect of being a measure to enlarge market capitalization on a tradable basis.

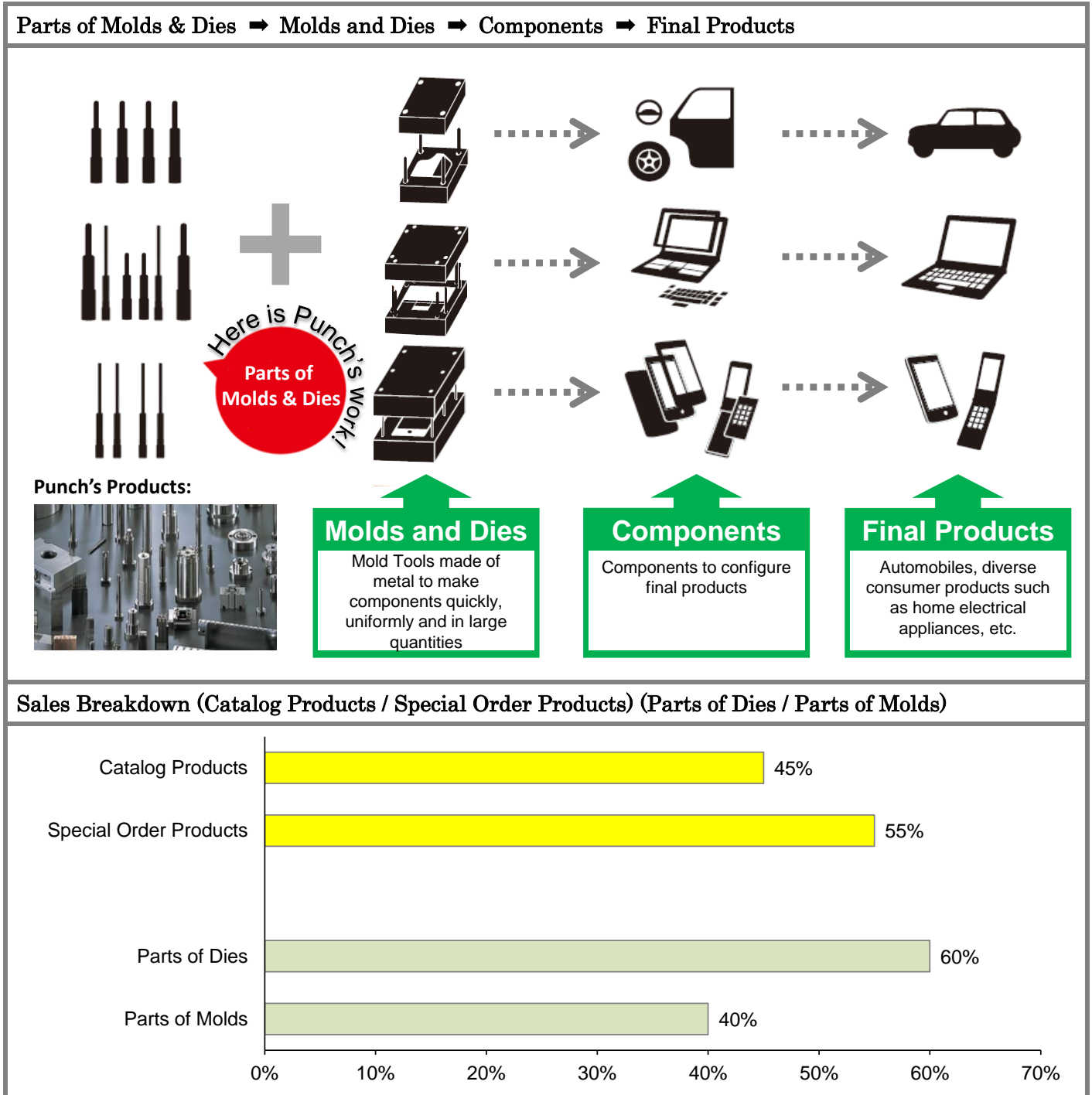


Source: Company Data, WRJ Calculation

Over the past 5 years, there was a phase in which equity capital was significantly impaired due to impairment of fixed assets aimed at addressing the sharp decline in demand caused by trade conflicts between the United States and China. However, this has turned out to be a temporary phenomenon, while it appears that there is an aspect that the ex-post impacts stemming from the impairment of fixed assets drove subsequent recovery in performance and thus recovery of equity capital. For the period through FY03/2018 to FY03/2022, it started with a phase for ROE to get lower and equity capital to decline, which was followed by a phase for the former to get higher and the latter to rise. Consequently, equity capital has remained roughly unchanged over the past 5 years and ROE has rather risen. It appears that the Company is now entering a new growth phase.

Manufacturing and Selling Parts of Molds & Dies in Japan and Overseas

The Company runs operations of manufacturing and selling parts of molds & dies in Japan and overseas. Parts of molds & dies are precision parts to configure molds and dies, being indispensable for them. Meanwhile, molds and dies are “mold tools” made of metal to make components to configure diverse consumer-use final products, automobiles, etc., manufactured uniformly in large quantities. Given all those final products being diverse, so are components as well as molds and dies, resulting in a high variety also for parts of molds & dies at the end of the day.

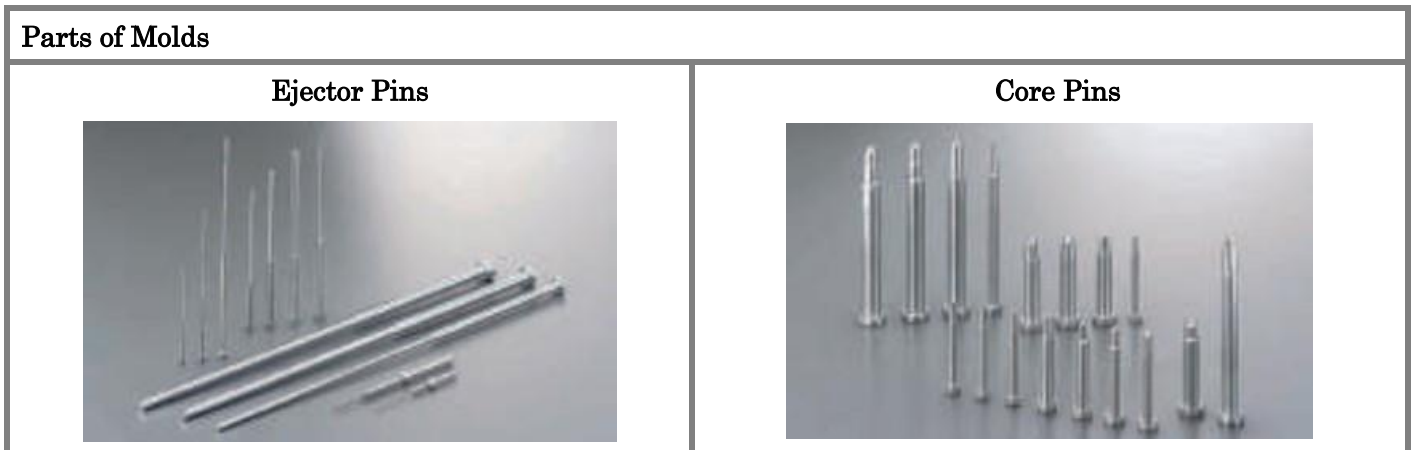


Source: Company Data, WRJ Calculation (estimates)

Parts of Molds & Dies

The Company manufactures and sells parts of molds & dies. In our rough estimates, parts of molds account for 40% of sales for the Company as a whole and parts of dies for 60%, while parts of molds are superior to parts of dies in terms of added value and thus gross profit margin higher for the former and lower for the latter. At the end of the day, the composition ratio of each for sales is exchanged for gross profit in our rough estimates, i.e., 60% for parts of molds and 40% for parts of dies.

Now then, parts of molds are defined as those to configure molds, which are adopted in the manufacture of diverse plastic products like external body frames of smartphones and digital cameras. Meanwhile, molds press all those products into shapes by means of cooling down and solidifying plastic resins heated and melted, which are poured in for mold tools mounted in injection molding machines. On the other hand, parts of dies are defined as those to configure dies, which are loaded in pressing machines (for vertical movements), while metallic plates being inserted between mold tools separated up and down as materials, which is followed by utilization of the machines, resulting in the manufacture of products mimicked through this process.



Source: Company Data

For parts of molds, the mainstay products are ejector pins and core pins. Ejector pins are defined as "parts (extrusion pins) to separate and protrude injection-molded products from mold tools themselves", while core pins are "used to cast a part of products" and "the shape of the core pins is transferred." Further, the latter also have functionalities of "casting pierced bits of a part of products" and "engraving a part of products," according to the Company.

Parts of Dies

Punches



Holder Guideposts



Source: Company Data

For parts of dies, the mainstay products are punches and holder guideposts. Punches are defined as "typical parts embedded in dies to make holes in metallic plates, transfer shapes, etc.," which are the origin of the Company name at the same time. Meanwhile, holder guideposts are defined as "parts to correctly maintain the relationship between the top and the bottom".

Special Order Products and Catalog Products

Meanwhile, for parts of molds & dies manufactured and sold by the Company, there is another aspect to be classified by whether they are special order products (custom-made products designed and manufactured in response to specifications of each mold & die of each customer) or catalog products (standard products). In our rough estimates, special order products account for 55% of sales for the Company as a whole and 45% for catalog products. Special order products are far superior to catalog products in terms of added value and thus gross profit margin. For catalog products, the Company suggests that there is a limited room for differentiation to survive competition with trades, while there is a plenty of room to do so for special order products with own expertise. In the first place, special order products do create add-on value stemming from the fact that they are customized.

Presumably, given the above-mentioned facts, the Company is heavily involved with the manufacture of special order products, while efficiently taking advantage of outsourcing for the manufacture of catalog products to a large extent. All those subcontractors in charge of outsourcing are basically smaller business, but each has expertise in some specific processes of the manufacture and thus the Company sometimes takes advantage of them for some part of the manufacture of special order products. In fact, the Company has set up extensive network to have packed them into a bundle, driving forward enhancement of a collaborative framework.

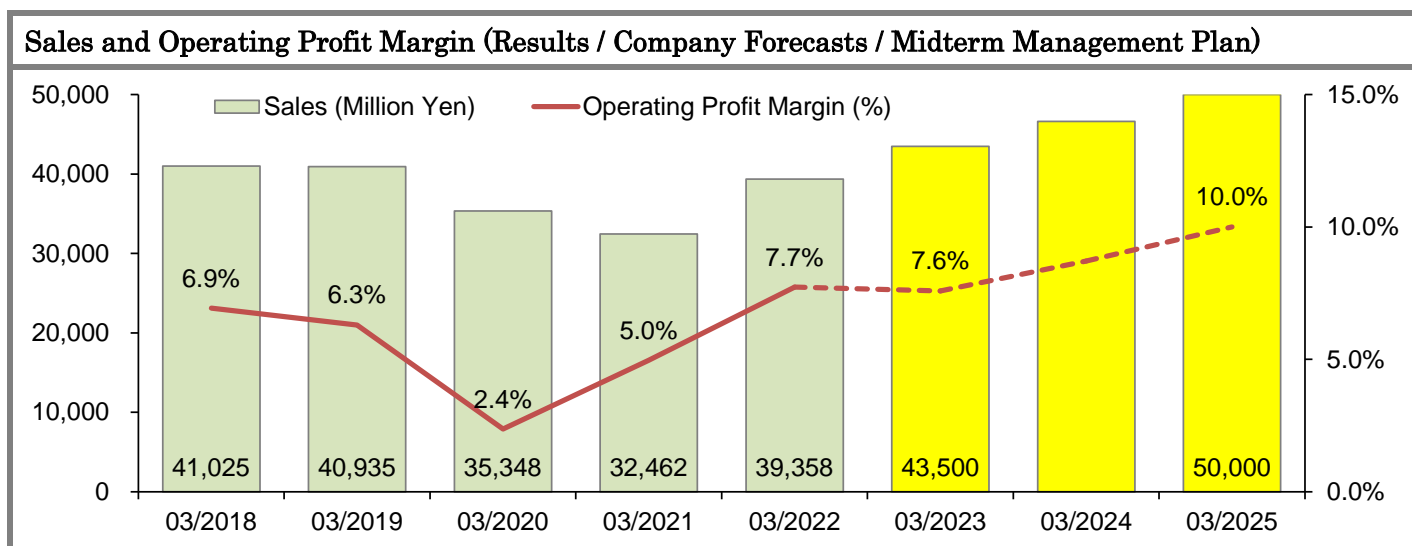
On the sales front, the Company is strengthening its online ordering services for catalog products, being in the process of refining PUNCH NET or the existing system currently in utilization for the sake of “improvement of user-friendliness for customers” and “enhancement of customer follow-up framework”. At the end of the day, the Company is looking to improved on-line ordering ratio for catalog products with all those measures, trying to improve efficiency from the perspective of customers and that of the Company itself at the same time. There is a limited room for differentiation with equivalents by trades in the market in terms of characteristics as products themselves because they are only catalog products (standard products) as mentioned earlier. On the other hand, the Company believes there is a room for differentiation in terms of efficiency associated with ordering from the perspective of customers, resulting in a case that it is an indispensable prerequisite to improve efficiency associated with ordering for the sake of enhancing competitive advantages from the perspective of the Company. In order words, the extent to which the Company will be able to promote labor-saving and other issues related to ordering will ultimately create the key factor for determining sales of catalog products in the future.

In Japan and China, collectively accounting for almost 90% of sales for the Company as a whole, the Company saw online ordering ratio of 39% on catalog products for FY03/2022. Meanwhile, the Company is planning to see the ratio up to 48% for FY03/2025, the final year of midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025) by means of pushing on with “improvement of user-friendliness for customers” through refining PUNCH NET. At the same time, the Company says that it will leverage its new services of 3D Measurement Partners, launched in January 2022, in order to ensure “enhancement of customer follow-up framework”. The services provided here are of measuring shape of products for the sake of investigating the causes of defects and propose improvement measures by processing and analyzing the data obtained, according to the Company.

4.0 Recent Trading and Prospects

FY03/2022

For FY03/2022, sales came in at ¥39,358m (up 21.2% YoY), operating profit ¥3,041m (up 88.5%), recurring profit ¥3,007m (up 79.4%) and profit attributable to owners of parent ¥2,040m (up 327.2%), while operating profit margin 7.7% (up 2.8% points).



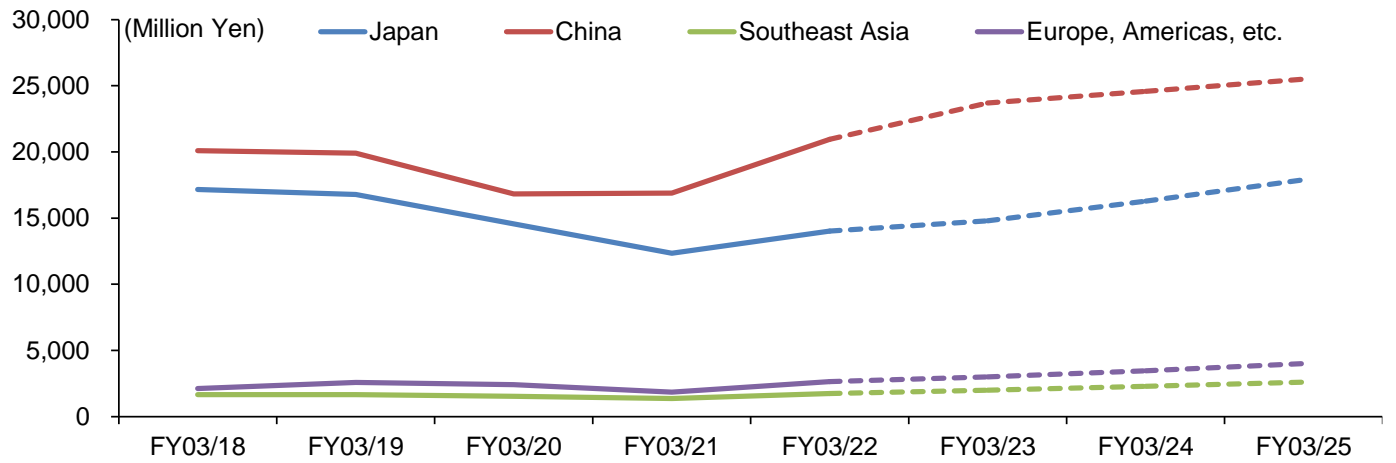
Source: Company Data, WRJ Calculation

Sales Higher than the Period Prior to Coronavirus Crisis

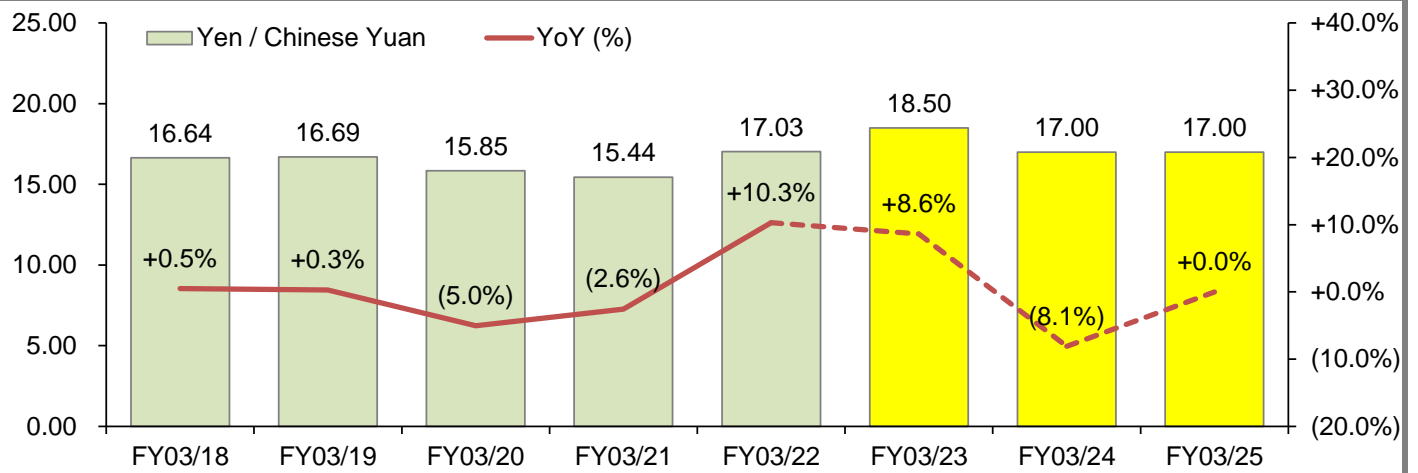
COVID-19 has migrated to a global pandemic several months after the first infectious person was reported in early December 2019. Considering that the subsidiaries overseas have the yearend of December, it should be the case that the Company's performance was hardly affected by coronavirus crisis for FY03/2020. Meanwhile, the Company saw sales of ¥35,348m at this stage versus ¥39,358m for FY03/2022, implying that sales have risen by ¥4,010m (11.3%) from the former to the latter, to which increased sales in China have contributed most significantly, albeit due partly to yen's depreciation against Chinese yuan. Meanwhile, sales in Southeast Asia and Europe, Americas, etc. have also increased in the same manner, but it was roughly offset by sales in Japan having failed to recover to the stage prior to coronavirus crisis.

Meanwhile, FY03/2023 Company forecasts are going for prospective sales of ¥43,500m (up 10.5%), while midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025) is calling for CAGR of 8.3% in sales over the period. In addition to details of the results by region and by application, the assumptions for the future are as follows:

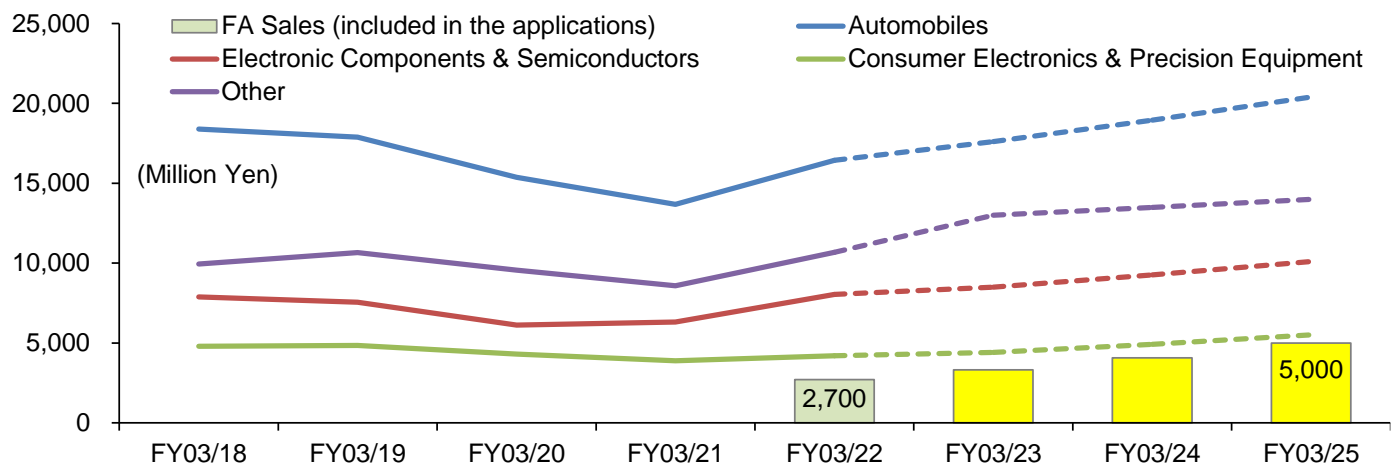
Sales by Region (Results / Company Forecasts / Midterm Management Plan)



Japanese Yen against Chinese Yuan (Results / Company Forecasts / Midterm Management Plan)



Sales by Application (Results / Company Forecasts / Midterm Management Plan)



Source: Company Data, WRJ Calculation

Sales by Region

For FY03/2022, sales in Japan came in at ¥14,020m (up 13.6%), sales in China ¥20,956m (up 24.1% or up 12.5% on a local currency basis), sales in Southeast Asia ¥1,740m (up 26.4%) and sales in Europe, Americas, etc. ¥2,641m (up 42.2%).

Sales by Region (Results / Company Forecast / Midterm Management Plan)						
	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025	"CAGR"
Japan	12,338	14,020	14,800	-	17,900	+8.5%
China	16,888	20,956	23,700	-	25,500	+6.8%
Southeast Asia	1,376	1,740	2,000	-	2,600	+14.3%
Europe, Americas, etc.	1,858	2,641	3,000	-	4,000	+14.8%
Japan (YoY)	(15.3%)	+13.6%	+5.6%	+10.0%	+10.0%	-
China (YoY)	+0.3%	+24.1%	+13.1%	+3.7%	+3.7%	-
Southeast Asia (YoY)	(10.3%)	+26.4%	+14.9%	+14.0%	+14.0%	-
Europe, Americas, etc. (YoY)	(22.9%)	+42.2%	+13.6%	+15.5%	+15.5%	-

Source: Company Data, WRJ Calculation (YoY changes in FY03/2024 and FY03/2025: CAGR for the said years)

In Japan, the Company has seen ongoing strengths of Electronic Components & Semiconductors and a recovery of Automobiles. Still, sales were lower by ¥545m (3.7%) from FY03/2020 due to a major decline in FY03/2021 as a result of coronavirus crisis. In China, sales have been favorable across the board by application, while sales have been firm in Southeast Asia for Singapore, Malaysia and Vietnam in particular. In Europe, Americas, etc., sales of the medical-related belonging to Other have been firm as well as those of Electronic Components & Semiconductors, according to the Company.

Meanwhile, FY03/2023 Company forecasts are going for increased sales to continue across the board by region, while midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025) is calling for a further increase in sales across the board by region during its period. However, it is expected that the rate of increase in sales will decelerate from FY03/2022 to FY03/2023, including those of China, which have been driving sales for the Company as a whole. At the same time, in light of "CAGR" to refer to that of three-year period of the midterm management plan, sales in Southeast Asia and Europe, Americas, etc. are expected to see high growth rate in particular. For Southeast Asia, the Company is to focus on sales of Electronic Components & Semiconductors, while trying to enhance local production for local consumption in Vietnam taking advantage of local production facilities at the same time. For the United States, the Company says that it will focus on expanding sales of the medical-related belonging to Other and strengthen its collaborations with local distributors for Europe.

Sales by Application

For FY03/2022, Automobiles saw sales of ¥16,442m (up 20.2%), Electronic Components & Semiconductors sales of ¥8,043m (up 27.4%), Consumer Electronics & Precision Equipment sales of ¥4,192m (up 7.8%) and Other sales of ¥10,679m (up 24.5%) by application.

Sales by Application (Results / Company Forecast / Midterm Management Plan)						
	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025	"CAGR"
Automobiles	13,682	16,442	17,600	-	20,400	+7.5%
Elec. Com. & Semi.	6,315	8,043	8,500	-	10,100	+7.9%
Con. Elec. & Pre. Equip.	3,888	4,192	4,400	-	5,500	+9.5%
Other	8,574	10,679	13,000	-	14,000	+9.4%
FA Sales (included in the aps.)	-	2,700	-	-	5,000	+22.2%
Automobiles (YoY)	(11.0%)	+20.2%	+7.0%	+7.7%	+7.7%	-
Elec. Com. & Semi. (YoY)	+3.3%	+27.4%	+5.7%	+9.0%	+9.0%	-
Con. Elec. & Pre. Equip. (YoY)	(9.5%)	+7.8%	+5.0%	+11.8%	+11.8%	-
Other (YoY)	(10.4%)	+24.5%	+21.7%	+3.8%	+3.8%	-

Source: Company Data, WRJ Calculation (YoY changes in FY03/2024 and FY03/2025: CAGR for the said years)

Compared with FY03/2020, the stage prior to being affected by coronavirus crisis, sales of Electronic Components Semiconductors have been remarkably expanding against the backdrop of sustained strengths in demand. At the same time, sales of Automobiles and Other have also secured higher sales from this perspective. For sales of Automobiles, increased sales in China have made a significant contribution, while a recovery in those of Japan was stagnant from this perspective or in terms of comparison with the levels prior to coronavirus crisis. Meanwhile, sales of Other have risen sharply, which is attributable to ongoing strengths of the medical-related, according to the Company, while sales of the food-related have started to show a trend of recovery at the same time. With respect to Consumer Electronics & Precision Equipment, sales have remained lower than the levels prior to coronavirus crisis, which is mainly attributable to a factor that so-called stay-at-home demand has not reappeared, according to the Company. Elsewhere, the Company has disclosed that FA sales (included in the applications) came in at some ¥2,700m, representing the sum of sales in the Company's parts of molds & dies (mainly special order products) adopted in factory automation (FA) domain by manufacturers classified to all those above-mentioned applications, being included in sales of each application.

Meanwhile, FY03/2023 Company forecasts are going for a continued increase in sales by application across the board, while midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025) is calling for a further increase in the same manner during its period. At the same time, in light of "CAGR" to refer to that of three-year period of the midterm management plan, there are no major differences in the growth rate of each application. While the Company is looking to a contribution from aforementioned improvement in ordering services for catalog products, it appears that the plan assumes for the Company to be able to steady capture increased demand in line with increased volume of final products across the board by application as well as looking to accelerating in the rate of growth driven by surging FA sales (included in the applications). The Company says that the market for FA has a high potential for the future to sustainably expand and it is highly likely that the Company will be able to capture the growth here by means of leveraging own proprietary expertise.

For example, according to data from the National Institute of New Energy and Industrial Technology Organization, the market for industrial robots in Japan will rise from ¥2.9 trillion to ¥9.7 trillion through CY2020 to CY2035, implying CAGR of 8.5% during the same period. Meanwhile, for the manufacturing domain only, with which the Company is heavily involved, the market will rise from ¥1.3 trillion to ¥2.7 trillion, implying CAGR of 5.3%, leading to growth linked to this in the market for FA, according to the market. More importantly, the Company suggests that it will see the rate of growth in sales to exceed the rate of growth in the market together with its own proprietary expertise. Still, it appears that the midterm management plan also assumes positive impacts here stemming from future business alliances with external entities and M&As. Meanwhile, the Company is looking to a startup of contribution from “special order products” adopted in FA domain for the near future. In other words, the Company is planning to manufacture and launch “Simplified, Powered Equipment,” which is expected to be followed by doing so for “Production Line Equipment.”

Operating Profit Margin of 7.7% (up 2.8 % points)

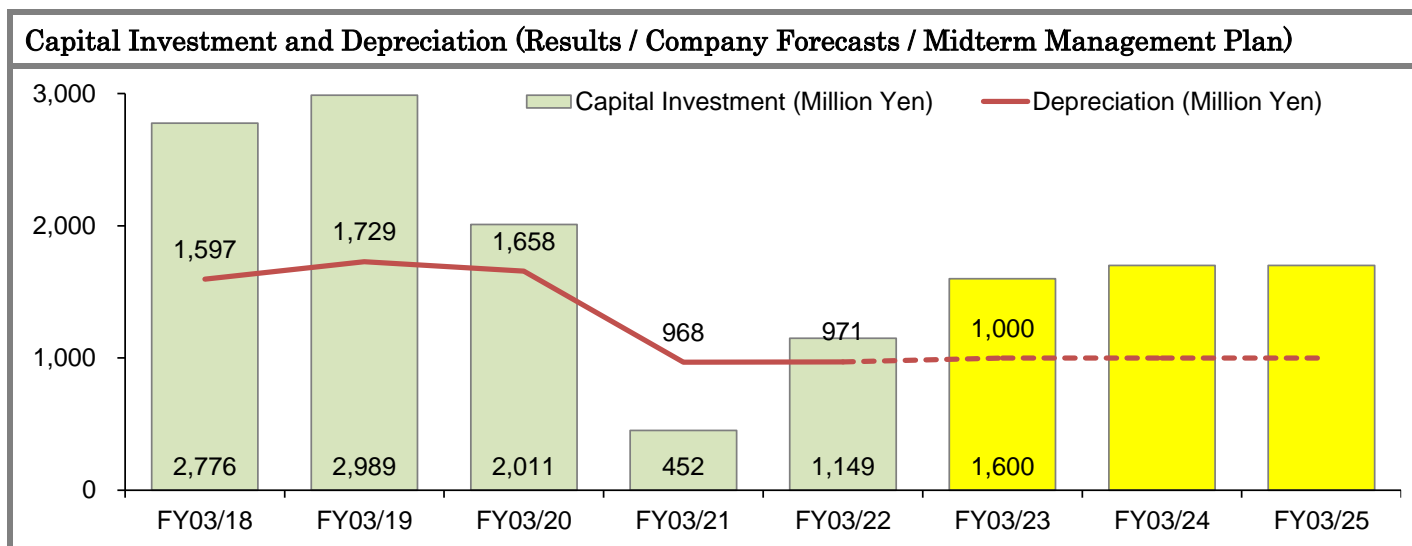
For FY03/2022, gross profit came in at ¥11,444m (up 26.0%) and SG&A expenses ¥8,403m (up 12.4%), implying gross profit margin of 29.1% (up 1.1% points) and sales to SG&A expenses ratio of 21.4% (down 1.7% points), having resulted in operating profit margin of 7.7% (up 2.8 % points).

According to the Company, gross profit margin has improved due to way up in the state of utilization amongst the production facilities following substantially increased sales, while business innovation project, launched in May 2020, has been also beneficial with its enhanced effect. With respect to an increase in SG&A expenses, the Company says that it saw an increase in expenses which are to increase in line with an increase of sales, while having seen a rebound for some part of expenses to have had been held down on a group-wide basis for some time. However, the rate of increase in SG&A expenses was smaller than the rate of increase in sales, having generated a factor to upheave operating profit margin to a corresponding extent.

Meanwhile, FY03/2023 Company forecasts are going for operating profit margin to slightly decline over the previous year. However, from a perspective of midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025), this is expected to result in a one-off correction, while the Company is looking to a trend of consistent improvement in operating profit margin from a midterm perspective. For FY03/2023, the Company forecasts assume increased expenses, those of raw materials and personnel in particular, as well as deterioration of profitability in subsidiaries based in China due to appreciation of Chinese yuan. The latter did take place for FY03/2022, given the currency appreciation in the same manner, but substantially positive impacts from effect on increased sales were more than compensating, according to the Company. Still, as Company forecasts are going for decelerated growth rate for sales in China for FY03/2023, generating smaller effect on increased sales, which is not enough to compensate for deterioration of profitability due to the appreciation of Chinese yuan, as far as we could gather.

Capital Investment and Depreciation

Over the period of midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025), the Company plans to pursue efficient mass production of parts of molds and dies by implementing capital investment worth no less than collective ¥5,000m. It has been revealed that the Company will focus on capital investment overseas in particular, i.e., collective ¥2,000m in Japan and collective ¥3,000m overseas. According to the Company, capital investment overseas accounted for some ¥900m out of ¥1,149m for the actual results of FY03/2022.



Source: Company Data, WRJ Calculation

For both of its factories overseas (8 in the number, represented by those based in Malaysia and Dalian) and those of Japan (four in the number, represented by those of Kitakami and Miyako), the Company is to expand capacity and improve productivity by promoting automation and labor-saving measures together with IT tools. At the same time, the Company also plans to establish an optimal manufacturing and procurement system by making full use of external subcontractors. In addition, the Company is planning a transfer of production amongst the four factories in Japan with the aim of raising efficiency, looking to a contribution stemming from here too.

FY03/2022 Company Forecasts and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2022CoE	13-May-21	Q4 Results	36,500	2,200	2,150	1,450
FY03/2022CoE	6-Aug-21	Q1 Results	37,400	2,550	2,470	1,450
		Amount of Gap	900	350	320	0
		Rate of Gap	2.5%	15.9%	14.9%	0.0%
FY03/2022CoE	11-Nov-21	Q2 Results	37,400	2,550	2,470	1,450
FY03/2022CoE	10-Dec-21	Revision	38,400	2,800	2,710	1,630
		Amount of Gap	1,000	250	240	180
		Rate of Gap	2.7%	9.8%	9.7%	12.4%
FY03/2022CoE	10-Feb-22	Q3 Results	39,000	2,850	2,790	1,790
		Amount of Gap	600	50	80	160
		Rate of Gap	1.6%	1.8%	3.0%	9.8%
FY03/2022Act	13-May-22	Q4 Results	39,358	3,041	3,007	2,040
		Amount of Gap	358	191	217	250
		Rate of Gap	0.9%	6.7%	7.8%	14.0%
FY03/2022CoE	13-May-21	Q4 Results	36,500	2,200	2,150	1,450
FY03/2022Act	13-May-22	Q4 Results	39,358	3,041	3,007	2,040
		Amount of Gap	2,858	841	857	590
		Rate of Gap	7.8%	38.2%	39.9%	40.7%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2022CoE	13-May-21	Q4 Results	18,800	1,200	1,180	770
Q1 to Q2 FY03/2022CoE	6-Aug-21	Q1 Results	19,200	1,550	1,500	980
		Amount of Gap	400	350	320	210
		Rate of Gap	2.1%	29.2%	27.1%	27.3%
Q1 to Q2 FY03/2022Act	11-Nov-21	Q2 Results	19,523	1,768	1,736	1,258
		Amount of Gap	323	218	236	278
		Rate of Gap	1.7%	14.1%	15.7%	28.4%
Q1 to Q2 FY03/2022CoE	13-May-21	Q4 Results	18,800	1,200	1,180	770
Q1 to Q2 FY03/2022Act	11-Nov-21	Q2 Results	19,523	1,768	1,736	1,258
		Amount of Gap	723	568	556	488
		Rate of Gap	3.8%	47.3%	47.1%	63.4%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2022CoE	13-May-21	Q4 Results	17,700	1,000	970	680
Q3 to Q4 FY03/2022CoE	6-Aug-21	Q1 Results	18,200	1,000	970	470
		Amount of Gap	500	0	0	(210)
		Rate of Gap	2.8%	0.0%	0.0%	(30.9%)
Q3 to Q4 FY03/2022CoE	11-Nov-21	Q2 Results	17,877	782	734	192
		Amount of Gap	(323)	(218)	(236)	(278)
		Rate of Gap	(1.8%)	(21.8%)	(24.3%)	(59.1%)
Q3 to Q4 FY03/2022CoE	10-Dec-21	Revision	18,877	1,032	974	372
		Amount of Gap	1,000	250	240	180
		Rate of Gap	5.6%	32.0%	32.7%	93.8%
Q3 to Q4 FY03/2022CoE	10-Feb-22	Q3 Results	19,477	1,082	1,054	532
		Amount of Gap	600	50	80	160
		Rate of Gap	3.2%	4.8%	8.2%	43.0%
Q3 to Q4 FY03/2022Act	13-May-22	Q4 Results	19,834	1,273	1,271	781
		Amount of Gap	357	191	217	249
		Rate of Gap	1.8%	17.7%	20.6%	46.8%
Q3 to Q4 FY03/2022CoE	13-May-21	Q4 Results	17,700	1,000	970	680
Q3 to Q4 FY03/2022Act	13-May-22	Q4 Results	19,834	1,273	1,271	781
		Amount of Gap	2,134	273	301	101
		Rate of Gap	12.1%	27.3%	31.0%	14.9%

Source: Company Data, WRJ Calculation

Income Statement (Cumulative / Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022		
Sales	7,169	15,412	23,658	32,462	9,278	19,523	29,372	39,358		+6,896
Cost of Sales	5,315	11,413	17,206	23,375	6,521	13,659	20,613	27,913		+4,538
Gross Profit	1,853	3,999	6,452	9,086	2,756	5,864	8,759	11,444		+2,358
SG&A Expenses	1,828	3,685	5,519	7,473	1,960	4,095	6,188	8,403		+929
Operating Profit	24	313	932	1,613	796	1,768	2,570	3,041		+1,428
Non Operating Balance	(18)	59	72	63	(34)	(32)	(26)	(33)		(97)
Recurring Profit	6	372	1,005	1,676	761	1,736	2,543	3,007		+1,331
Extraordinary Balance	(13)	(703)	(719)	(662)	(30)	(48)	(66)	(159)		+502
Profit before Income Taxes	(7)	(331)	285	1,014	731	1,687	2,477	2,847		+1,833
Total Income Taxes	67	212	365	535	203	426	697	802		+266
Profit Attributable to Non-Controlling Interests	0	1	0	1	0	1	2	4		+3
Profit Attributable to Owners of Parent	(76)	(544)	(80)	477	526	1,258	1,778	2,040		+1,563
Sales YoY	(15.8%)	(14.3%)	(11.4%)	(8.2%)	+29.4%	+26.7%	+24.2%	+21.2%		-
Operating Profit YoY	-	+290.5%	+286.0%	+93.0%	-	+464.7%	+175.5%	+88.5%		-
Recurring Profit YoY	-	-	+443.5%	+135.1%	-	+365.7%	+153.0%	+79.4%		-
Profit Attributable to Owners of Parent YoY	-	-	-	-	-	-	-	+327.2%		-
Gross Profit Margin	25.9%	25.9%	27.3%	28.0%	29.7%	30.0%	29.8%	29.1%		+1.1%
Sales to SG&A Expenses Ratio	25.5%	23.9%	23.3%	23.0%	21.1%	21.0%	21.1%	21.4%		(1.7%)
Operating Profit Margin	0.3%	2.0%	3.9%	5.0%	8.6%	9.1%	8.8%	7.7%		+2.8%
Recurring Profit Margin	0.1%	2.4%	4.2%	5.2%	8.2%	8.9%	8.7%	7.6%		+2.5%
Profit Attributable to Owners of Parent Margin	(1.1%)	(3.5%)	(0.3%)	1.5%	5.7%	6.4%	6.1%	5.2%		+3.7%
Total Income Taxes / Profit before Income Taxes	-	-	128.0%	52.8%	27.9%	25.3%	28.1%	28.2%		(24.6%)
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022		
Sales	7,169	8,243	8,245	8,803	9,278	10,245	9,849	9,985		+1,182
Cost of Sales	5,315	6,097	5,792	6,168	6,521	7,137	6,954	7,299		+1,130
Gross Profit	1,853	2,145	2,453	2,634	2,756	3,107	2,894	2,685		+51
SG&A Expenses	1,828	1,857	1,833	1,954	1,960	2,135	2,092	2,214		+260
Operating Profit	24	288	619	680	796	971	802	471		(209)
Non Operating Balance	(18)	78	12	(9)	(34)	2	5	(7)		+1
Recurring Profit	6	366	632	671	761	974	807	463		(207)
Extraordinary Balance	(13)	(690)	(16)	57	(30)	(18)	(17)	(93)		(151)
Profit before Income Taxes	(7)	(323)	616	728	731	955	790	370		(358)
Total Income Taxes	67	144	153	170	203	222	270	104		(65)
Profit Attributable to Non-Controlling Interests	0	0	(0)	0	0	0	0	2		+2
Profit Attributable to Owners of Parent	(76)	(468)	463	558	526	732	519	262		(295)
Sales YoY	(15.8%)	(13.1%)	(5.4%)	+1.9%	+29.4%	+24.3%	+19.4%	+13.4%		-
Operating Profit YoY	-	+163.1%	+283.8%	+14.5%	-	+237.2%	+29.4%	(30.7%)		-
Recurring Profit YoY	-	+293.8%	+247.3%	+27.1%	-	+165.7%	+27.7%	(30.9%)		-
Profit Attributable to Owners of Parent YoY	-	-	-	-	-	-	+12.0%	(53.0%)		-
Gross Profit Margin	25.9%	26.0%	29.7%	29.9%	29.7%	30.3%	29.4%	26.9%		(3.0%)
Sales to SG&A Expenses Ratio	25.5%	22.5%	22.2%	22.2%	21.1%	20.8%	21.2%	22.2%		(0.0%)
Operating Profit Margin	0.3%	3.5%	7.5%	7.7%	8.6%	9.5%	8.1%	4.7%		(3.0%)
Recurring Profit Margin	0.1%	4.4%	7.7%	7.6%	8.2%	9.5%	8.2%	4.6%		(3.0%)
Profit Attributable to Owners of Parent Margin	(1.1%)	(5.7%)	5.6%	6.3%	5.7%	7.1%	5.3%	2.6%		(3.7%)
Total Income Taxes / Profit before Income Taxes	-	-	24.9%	23.4%	27.9%	23.3%	34.2%	28.3%		+5.0%

Source: Company Data, WRJ Calculation

Sales by Region (Cumulative / Quarterly)

Sales by Region	Cons.Act Q1	Cons.Act Q1 to Q2	Cons.Act Q1 to Q3	Cons.Act Q1 to Q4	Cons.Act Q1	Cons.Act Q1 to Q2	Cons.Act Q1 to Q3	Cons.Act Q1 to Q4	YoY
(Million Yen)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	Net Chg.
Japan	3,063	5,850	8,950	12,338	3,475	6,897	10,440	14,020	+1,682
China	3,325	8,025	12,385	16,888	4,851	10,441	15,653	20,956	+4,068
Southeast Asia	344	665	997	1,376	394	841	1,281	1,740	+364
Europe, Americas, etc.	436	871	1,325	1,858	556	1,342	1,998	2,641	+783
Sales	7,169	15,412	23,658	32,462	9,278	19,523	29,372	39,358	+6,896
Japan	(17.6%)	(22.0%)	(18.5%)	(15.3%)	+13.5%	+17.9%	+16.6%	+13.6%	-
China	(14.3%)	(5.5%)	(3.1%)	+0.3%	+45.9%	+30.1%	+26.4%	+24.1%	-
Southeast Asia	(2.4%)	(10.6%)	(12.7%)	(10.3%)	+14.6%	+26.5%	+28.5%	+26.4%	-
Europe, Americas, etc.	(22.6%)	(30.7%)	(27.0%)	(22.9%)	+27.5%	+54.1%	+50.8%	+42.2%	-
Sales (YoY)	(15.8%)	(14.3%)	(11.4%)	(8.2%)	+29.4%	+26.7%	+24.2%	+21.2%	-
Japan	42.7%	38.0%	37.8%	38.0%	37.5%	35.3%	35.5%	35.6%	-
China	46.4%	52.1%	52.3%	52.0%	52.3%	53.5%	53.3%	53.2%	-
Southeast Asia	4.8%	4.3%	4.2%	4.2%	4.2%	4.3%	4.4%	4.4%	-
Europe, Americas, etc.	6.1%	5.7%	5.6%	5.7%	6.0%	6.9%	6.8%	6.7%	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-
Sales by Region	Cons.Act Q1	Cons.Act Q2	Cons.Act Q3	Cons.Act Q4	Cons.Act Q1	Cons.Act Q2	Cons.Act Q3	Cons.Act Q4	YoY
(Million Yen)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	Net Chg.
Japan	3,063	2,786	3,099	3,388	3,475	3,422	3,542	3,579	+191
China	3,325	4,700	4,360	4,503	4,851	5,590	5,211	5,303	+800
Southeast Asia	344	321	331	379	394	447	439	459	+80
Europe, Americas, etc.	436	434	454	532	556	785	656	643	+111
Sales	7,169	8,243	8,245	8,803	9,278	10,245	9,849	9,985	+1,182
Japan	(17.6%)	(26.4%)	(10.8%)	(5.6%)	+13.5%	+22.8%	+14.3%	+5.6%	-
China	(14.3%)	+2.0%	+1.7%	+10.9%	+45.9%	+18.9%	+19.5%	+17.8%	-
Southeast Asia	(2.4%)	(17.9%)	(16.6%)	(3.6%)	+14.6%	+39.3%	+32.6%	+21.1%	-
Europe, Americas, etc.	(22.6%)	(37.3%)	(18.9%)	(10.4%)	+27.5%	+80.9%	+44.5%	+20.9%	-
Sales (YoY)	(15.8%)	(13.1%)	(5.4%)	+1.9%	+29.4%	+24.3%	+19.4%	+13.4%	-
Japan	42.7%	33.8%	37.6%	38.5%	37.5%	33.4%	36.0%	35.8%	-
China	46.4%	57.0%	52.9%	51.1%	52.3%	54.6%	52.9%	53.1%	-
Southeast Asia	4.8%	3.9%	4.0%	4.3%	4.2%	4.4%	4.5%	4.6%	-
Europe, Americas, etc.	6.1%	5.3%	5.5%	6.0%	6.0%	7.7%	6.7%	6.4%	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

Source: Company Data, WRJ Calculation

Sales by Application (Cumulative / Quarterly)

Sales by Application (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2021	Q1 to Q2 03/2021	Q1 to Q3 03/2021	Q1 to Q4 03/2021	Q1 03/2022	Q1 to Q2 03/2022	Q1 to Q3 03/2022	Q1 to Q4 03/2022		
Automobiles	3,065	6,610	10,059	13,682	3,880	8,113	12,221	16,442	+2,760	
Electronic Components & Semiconductors	1,444	2,924	4,536	6,315	1,968	4,132	6,091	8,043	+1,728	
Consumer Electronics & Precision Equipment	874	1,814	2,848	3,888	988	2,062	3,131	4,192	+304	
Other	1,785	4,063	6,213	8,574	2,441	5,215	7,928	10,679	+2,105	
Sales	7,169	15,412	23,658	32,462	9,278	19,523	29,372	39,358	+6,896	
Automobiles	(18.4%)	(16.2%)	(14.4%)	(11.0%)	+26.6%	+22.7%	+21.5%	+20.2%	-	
Electronic Components & Semiconductors	+11.9%	(0.3%)	+1.1%	+3.3%	+36.3%	+41.3%	+34.3%	+27.4%	-	
Consumer Electronics & Precision Equipment	(28.2%)	(19.7%)	(13.8%)	(9.5%)	+13.0%	+13.7%	+9.9%	+7.8%	-	
Other	(20.6%)	(17.3%)	(13.3%)	(10.4%)	+36.8%	+28.4%	+27.6%	+24.5%	-	
Sales (YoY)	(15.8%)	(14.3%)	(11.4%)	(8.2%)	+29.4%	+26.7%	+24.2%	+21.2%	-	
Automobiles	42.8%	42.9%	42.5%	42.1%	41.8%	41.6%	41.6%	41.8%	-	
Electronic Components & Semiconductors	20.1%	19.0%	19.2%	19.5%	21.2%	21.2%	20.7%	20.4%	-	
Consumer Electronics & Precision Equipment	12.2%	11.8%	12.0%	12.0%	10.6%	10.6%	10.7%	10.7%	-	
Other	24.9%	26.4%	26.3%	26.4%	26.3%	26.7%	27.0%	27.1%	-	
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	

Sales by Application (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1 03/2021	Q2 03/2021	Q3 03/2021	Q4 03/2021	Q1 03/2022	Q2 03/2022	Q3 03/2022	Q4 03/2022	Net Chg.
Automobiles	3,065	3,544	3,448	3,623	3,880	4,233	4,107	4,221	+598
Electronic Components & Semiconductors	1,444	1,480	1,612	1,779	1,968	2,164	1,958	1,952	+173
Consumer Electronics & Precision Equipment	874	939	1,034	1,040	988	1,073	1,069	1,061	+21
Other	1,785	2,277	2,150	2,361	2,441	2,773	2,713	2,750	+389
Sales	7,169	8,243	8,245	8,803	9,278	10,245	9,849	9,985	+1,182
Automobiles	(18.4%)	(14.2%)	(10.8%)	+0.2%	+26.6%	+19.4%	+19.1%	+16.5%	-
Electronic Components & Semiconductors	+11.9%	(9.9%)	+3.9%	+9.3%	+36.3%	+46.2%	+21.5%	+9.7%	-
Consumer Electronics & Precision Equipment	(28.2%)	(9.9%)	(1.1%)	+4.6%	+13.0%	+14.3%	+3.4%	+2.0%	-
Other	(20.6%)	(14.5%)	(4.7%)	(1.5%)	+36.8%	+21.8%	+26.2%	+16.5%	-
Sales (YoY)	(15.8%)	(13.1%)	(5.4%)	+1.9%	+29.4%	+24.3%	+19.4%	+13.4%	-
Automobiles	42.8%	43.0%	41.8%	41.2%	41.8%	41.3%	41.7%	42.3%	-
Electronic Components & Semiconductors	20.1%	18.0%	19.5%	20.2%	21.2%	21.1%	19.9%	19.5%	-
Consumer Electronics & Precision Equipment	12.2%	11.4%	12.5%	11.8%	10.6%	10.5%	10.9%	10.6%	-
Other	24.9%	27.6%	26.1%	26.8%	26.3%	27.1%	27.5%	27.5%	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2021	Q2 03/2021	Q3 03/2021	Q4 03/2021	Q1 03/2022	Q2 03/2022	Q3 03/2022	Q4 03/2022		
Cash and Deposit	3,702	3,796	3,976	4,092	3,399	4,021	4,703	4,816	+724	
Accounts Receivables	8,682	9,053	9,454	9,629	10,504	10,901	10,675	11,235	+1,605	
Inventory	4,024	3,833	3,925	3,965	4,021	4,065	4,378	4,791	+825	
Other	223	267	292	373	315	438	395	437	+63	
Current Assets	16,632	16,950	17,648	18,060	18,241	19,426	20,154	21,279	+3,219	
Tangible Assets	6,846	6,090	6,210	6,194	6,462	6,796	6,797	7,012	+818	
Intangible Assets	326	183	173	175	174	163	161	177	+2	
Investments and Other Assets	292	264	266	272	310	299	289	303	+31	
Fixed Assets	7,465	6,538	6,651	6,641	6,947	7,259	7,248	7,494	+852	
Total Assets	24,098	23,488	24,299	24,702	25,189	26,685	27,402	28,774	+4,071	
Accounts Payables, etc.	3,059	3,227	3,058	3,297	3,564	3,931	3,803	3,816	+519	
Short Term Debt	3,422	3,146	3,248	3,324	2,690	2,636	3,051	2,485	(839)	
Other	1,995	2,171	2,322	2,832	2,537	2,788	2,679	3,698	+865	
Current Liabilities	8,477	8,545	8,629	9,454	8,791	9,356	9,534	10,001	+546	
Long Term Debt	2,739	2,582	2,413	1,251	1,104	957	810	907	(343)	
Other	1,593	1,571	1,702	1,559	1,562	1,649	1,732	1,557	(1)	
Fixed Liabilities	4,332	4,154	4,116	2,811	2,667	2,607	2,542	2,465	(345)	
Total Liabilities	12,810	12,699	12,745	12,266	11,459	11,963	12,077	12,466	+200	
Shareholders' Equity	11,794	11,330	11,795	12,355	12,838	13,587	14,019	14,378	+2,022	
Other	(506)	(541)	(241)	80	891	1,134	1,305	1,928	+1,848	
Net Assets	11,287	10,788	11,553	12,436	13,729	14,721	15,324	16,307	+3,870	
Total Liabilities and Net Assets	24,098	23,488	24,299	24,702	25,189	26,685	27,402	28,774	+4,071	
Equity Capital	11,243	10,748	11,515	12,398	13,691	14,686	15,288	16,264	+3,866	
Interest Bearing Debt	6,161	5,729	5,661	4,576	3,794	3,594	3,861	3,393	(1,182)	
Net Debt	2,459	1,933	1,685	484	395	(427)	(842)	(1,422)	(1,907)	
Equity Ratio	46.7%	45.8%	47.4%	50.2%	54.4%	55.0%	55.8%	56.5%	-	
Net Debt Equity Ratio	21.9%	18.0%	14.6%	3.9%	2.9%	(2.9%)	(5.5%)	(8.7%)	-	
ROE (12 months)	(25.5%)	(30.3%)	(7.2%)	4.0%	8.7%	17.9%	17.4%	14.2%	-	
ROA (12 months)	3.0%	4.2%	6.0%	6.7%	9.9%	12.1%	12.4%	11.2%	-	
Days for Inventory Turnover	69	57	62	59	56	52	57	60	-	
Quick Ratio	146%	150%	156%	145%	158%	159%	161%	160%	-	
Current Ratio	196%	198%	205%	191%	207%	208%	211%	213%	-	

Source: Company Data, WRJ Calculation

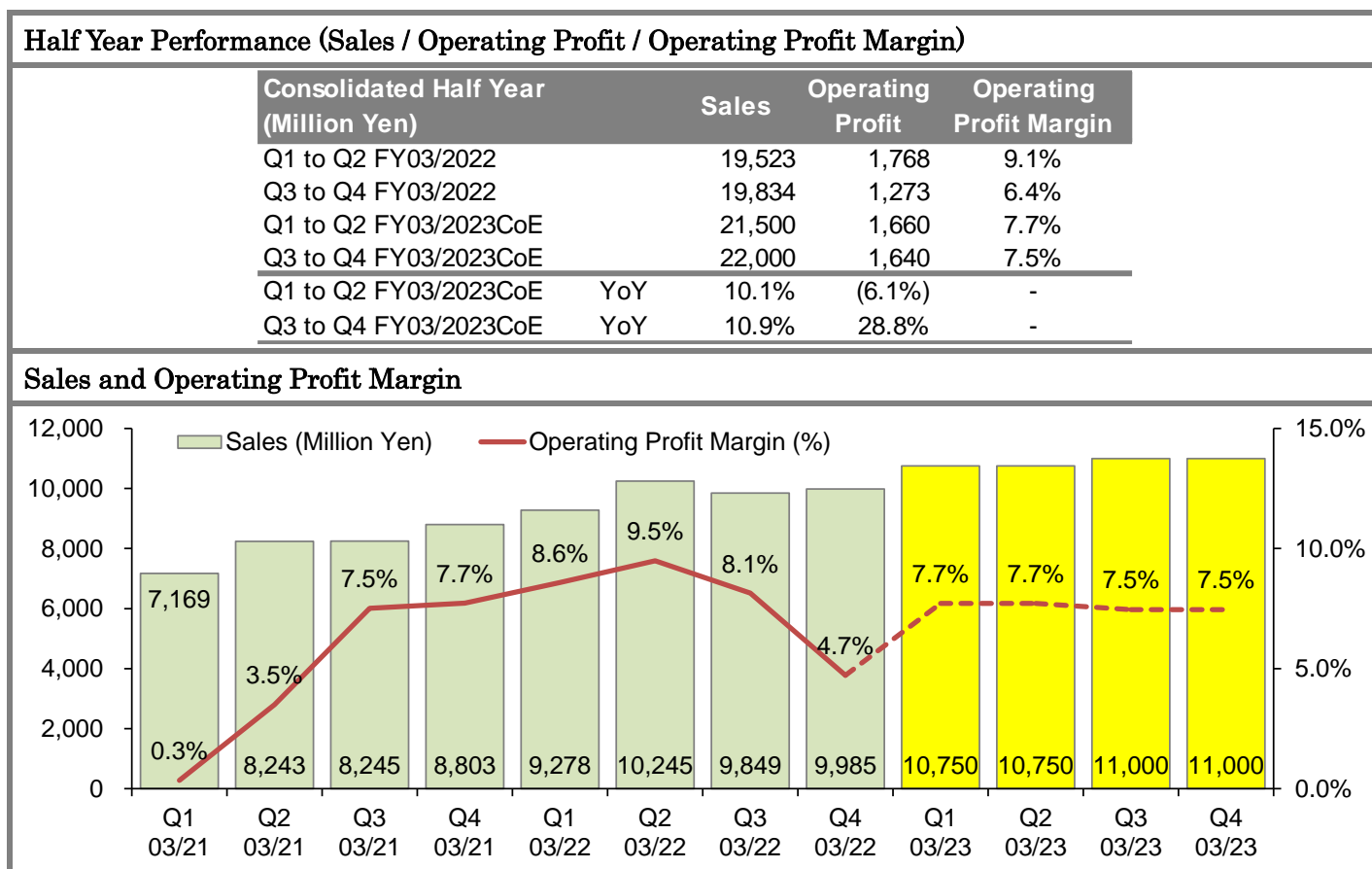
Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2021	Q1 to Q2 03/2021	Q1 to Q3 03/2021	Q1 to Q4 03/2021	Q1 03/2022	Q1 to Q2 03/2022	Q1 to Q3 03/2022	Q1 to Q4 03/2022	
Operating Cash Flow	-	1,215	-	2,942	-	1,392	-	2,941	(1)
Investing Cash Flow	-	(437)	-	(670)	-	(638)	-	(1,099)	(429)
Operating Cash Flow and Investing Cash Flow	-	778	-	2,272	-	753	-	1,841	(430)
Financing Cash Flow	-	(363)	-	(1,684)	-	(1,131)	-	(1,600)	+83

Source: Company Data, WRJ Calculation

FY03/2023 Company Forecasts

FY03/2023 Company forecasts (announced on 13 May 2022) are going for prospective sales of ¥43,500m (up 10.5% YoY), operating profit of ¥3,300m (up 8.5%), recurring profit of ¥3,270m (up 8.7%) and profit attributable to owners of parent of ¥2,100m (up 2.9%), while operating profit margin of 7.6% (down 0.1% point). At the same time, Company forecasts are going for prospective annual dividend of ¥13.00 per share, implying payout ratio of 13.7%.



Source: Company Data, WRJ Calculation (Q1, Q2, Q3 and Q4 in FY03/2023: Half year Company forecasts, pro rata)

For Q1 to Q2, Company forecasts are going for sales of ¥21,500m (up 10.1%), operating profit of ¥1,660m (down 6.1%) and operating profit margin of 7.7% (down 1.3% points). Meanwhile, for H2, Company forecasts are going for sales of ¥22,000m (up 10.9%), operating profit of ¥1,640m (up 28.8%) and operating profit margin of 7.5% (up 1.0% point). That is to say, Company forecasts are going for almost the same amounts of sales and operating profit both for H1 (Q1 to Q2) and H2 (Q3 to Q4), while operating profit is expected to decline over the same period of the previous year for H1 and to significantly increase for H2, which is expected to result in increased operating profit on a full-year basis.

This is attributable to a concentration of expenses for H2 (Q4 in particular) in the previous year, i.e., FY03/2022. In fact, the Company saw almost the same amounts of sales in H1 and H2 in FY03/2022 or the year to be compared with, i.e., ¥19,523m and ¥19,834m, respectively, but operating profit margin was 9.1% and 6.4%, respectively. This does suggest there was a concentration of expenses for H2 (Q4 in particular) to more than a certain extent.

Long-Term Prospects

On 28 March 2022, the Company announced its midterm management plan Value Creation 2024 (FY03/2023 to FY03/2025). For FY03/2025, the final year of the plan, the Company is calling for prospective sales of ¥50,000m, operating profit of ¥5,000m and profit attributable to owners of parent of ¥4,000m as performance target on a quantitative basis. When setting the FY03/2022 results as the point of origin, the Company is calling for CAGR of 8.3%, 18.0% and 25.1%, respectively. From a qualitative aspect, meanwhile, the Company is calling for growth rate even faster across the board.

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	FY 03/2023	YoY Net Chg.
Sales	41,025	40,935	35,348	32,462	39,358	43,500	+4,141
Cost of Sales	29,367	29,463	26,161	23,375	27,913	-	-
Gross Profit	11,658	11,472	9,187	9,086	11,444	-	-
SG&A Expenses	8,814	8,893	8,351	7,473	8,403	-	-
Operating Profit	2,843	2,578	835	1,613	3,041	3,300	+258
Non Operating Balance	(111)	(31)	(122)	63	(33)	(30)	+3
Recurring Profit	2,731	2,547	712	1,676	3,007	3,270	+262
Extraordinary Balance	(215)	(897)	(3,332)	(662)	(159)	-	-
Profit before Income Taxes	2,516	1,650	(2,619)	1,014	2,847	-	-
Total Income Taxes	725	686	866	535	802	-	-
Profit Attributable to Non-Controlling Interests	1	3	0	1	4	-	-
Profit Attributable to Owners of Parent	1,788	960	(3,485)	477	2,040	2,100	+59
Sales YoY	+11.9%	(0.2%)	(13.6%)	(8.2%)	+21.2%	+10.5%	-
Operating Profit YoY	+42.8%	(9.3%)	(67.6%)	+93.0%	+88.5%	+8.5%	-
Recurring Profit YoY	+45.7%	(6.8%)	(72.0%)	+135.1%	+79.4%	+8.7%	-
Profit Attributable to Owners of Parent YoY	+30.0%	(46.3%)	-	-	+327.2%	+2.9%	-
Gross Profit Margin	28.4%	28.0%	26.0%	28.0%	29.1%	-	-
Sales to SG&A Expenses Ratio	21.5%	21.7%	23.6%	23.0%	21.4%	-	-
Operating Profit Margin	6.9%	6.3%	2.4%	5.0%	7.7%	7.6%	(0.1%)
Recurring Profit Margin	6.7%	6.2%	2.0%	5.2%	7.6%	7.5%	(0.1%)
Profit Attributable to Owners of Parent Margin	4.4%	2.3%	(9.9%)	1.5%	5.2%	4.8%	(0.4%)
Total Income Taxes / Profit before Income Taxes	28.8%	41.6%	-	52.8%	28.2%	-	-

Source: Company Data, WRJ Calculation

Sales by Region

Sales by Region (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	FY 03/2023	YoY Net Chg.
Japan	17,153	16,776	14,565	12,338	14,020	14,800	+780
China	20,100	19,898	16,836	16,888	20,956	23,700	+2,744
Southeast Asia	1,652	1,669	1,535	1,376	1,740	2,000	+260
Europe, Americas, etc.	2,112	2,588	2,410	1,858	2,641	3,000	+359
Sales	41,025	40,935	35,348	32,462	39,358	43,500	+4,141
Japan	+7.9%	(2.2%)	(13.2%)	(15.3%)	+13.6%	+5.6%	-
China	+15.3%	(1.0%)	(15.4%)	+0.3%	+24.1%	+13.1%	-
Southeast Asia	-	+1.0%	(8.1%)	(10.3%)	+26.4%	+14.9%	-
Europe, Americas, etc.	-	+22.5%	(6.9%)	(22.9%)	+42.2%	+13.6%	-
Sales (YoY)	+11.9%	(0.2%)	(13.6%)	(8.2%)	+21.2%	+10.5%	-
Japan	41.8%	41.0%	41.2%	38.0%	35.6%	34.0%	-
China	49.0%	48.6%	47.6%	52.0%	53.2%	54.5%	-
Southeast Asia	4.0%	4.1%	4.3%	4.2%	4.4%	4.6%	-
Europe, Americas, etc.	5.1%	6.3%	6.8%	5.7%	6.7%	6.9%	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

Source: Company Data, WRJ Calculation

Sales by Application

Sales by Application (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Automobiles	18,390	17,877	15,370	13,682	16,442	17,600	+1,158
Electronic Components & Semiconductors	7,890	7,558	6,113	6,315	8,043	8,500	+457
Consumer Electronics & Precision Equipment	4,790	4,837	4,298	3,888	4,192	4,400	+208
Other	9,946	10,662	9,566	8,574	10,679	13,000	+2,321
Sales	41,025	40,935	35,348	32,462	39,358	43,500	+4,141
Automobiles	+9.7%	(2.8%)	(14.0%)	(11.0%)	+20.2%	+7.0%	-
Electronic Components & Semiconductors	+13.0%	(4.3%)	(19.1%)	+3.3%	+27.4%	+5.7%	-
Consumer Electronics & Precision Equipment	+7.1%	+1.0%	(11.1%)	(9.5%)	+7.8%	+5.0%	-
Other	+18.4%	+7.2%	(10.3%)	(10.4%)	+24.5%	+21.7%	-
Sales (YoY)	+11.9%	(0.2%)	(13.6%)	(8.2%)	+21.2%	+10.5%	-
Automobiles	44.9%	43.7%	43.5%	42.1%	41.8%	40.5%	-
Electronic Components & Semiconductors	19.3%	18.5%	17.3%	19.5%	20.4%	19.5%	-
Consumer Electronics & Precision Equipment	11.7%	11.8%	12.2%	12.0%	10.7%	10.1%	-
Other	24.2%	26.0%	27.1%	26.4%	27.1%	29.9%	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
No. of Shares FY End (thousand shares)	22,122	22,122	22,122	22,122	22,332	-	-
Net Profit / EPS (thousand shares)	21,921	21,864	21,786	21,813	21,859	-	-
Treasury Shares FY End (thousand shares)	200	380	313	303	276	-	-
Earnings Per Share	81.61	43.92	(160.01)	21.90	93.36	94.99	-
Earnings Per Share (Fully Diluted)	81.35	43.74	-	21.78	84.36	-	-
Book Value Per Share	736.64	721.49	536.64	568.26	737.40	-	-
Dividend Per Share	16.75	16.75	2.00	2.00	13.00	13.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Share Split Factor	1	1	1	1	1	1	-
Earnings Per Share	81.61	43.92	(160.01)	21.90	93.36	94.99	-
Book Value Per Share	736.64	721.49	536.64	568.26	737.40	-	-
Dividend Per Share	16.75	16.75	2.00	2.00	13.00	13.00	-
Payout Ratio	20.5%	38.1%	(1.2%)	9.1%	13.9%	13.7%	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	FY 03/2023	YoY Net Chg.
Cash and Deposit	3,770	3,579	3,389	4,092	4,816	-	-
Accounts Receivables	12,095	10,988	9,942	9,629	11,235	-	-
Inventory	4,425	4,663	4,229	3,965	4,791	-	-
Other	549	327	230	373	437	-	-
Current Assets	20,842	19,559	17,792	18,060	21,279	-	-
Tangible Assets	9,939	9,972	7,134	6,194	7,012	-	-
Intangible Assets	1,157	1,001	344	175	177	-	-
Investments and Other Assets	621	621	304	272	303	-	-
Fixed Assets	11,718	11,595	7,784	6,641	7,494	-	-
Total Assets	32,560	31,155	25,576	24,702	28,774	-	-
Accounts Payables, etc.	4,597	4,148	3,660	3,297	3,816	-	-
Short Term Debt	3,730	4,326	3,148	3,324	2,485	-	-
Other	4,322	3,056	2,471	2,832	3,698	-	-
Current Liabilities	12,649	11,531	9,280	9,454	10,001	-	-
Long Term Debt	2,151	2,341	2,927	1,251	907	-	-
Other	1,584	1,547	1,621	1,559	1,557	-	-
Fixed Liabilities	3,736	3,889	4,548	2,811	2,465	-	-
Total Liabilities	16,385	15,420	13,829	12,266	12,466	-	-
Shareholders' Equity	15,096	15,500	11,913	12,355	14,378	-	-
Other	1,077	234	(166)	80	1,928	-	-
Net Assets	16,174	15,734	11,747	12,436	16,307	-	-
Total Liabilities and Net Assets	32,560	31,155	25,576	24,702	28,774	-	-
Equity Capital	16,148	15,686	11,703	12,398	16,264	-	-
Interest Bearing Debt	5,882	6,668	6,075	4,576	3,393	-	-
Net Debt	2,111	3,088	2,686	484	(1,422)	-	-
Equity Ratio	49.6%	50.4%	45.8%	50.2%	56.5%	-	-
Net Debt Equity Ratio	13.1%	19.7%	23.0%	3.9%	(8.7%)	-	-
ROE (12 months)	11.8%	6.0%	(25.5%)	4.0%	14.2%	12.2%	-
ROA (12 months)	8.8%	8.0%	2.5%	6.7%	11.2%	-	-
Days for Inventory Turnover	55	58	59	62	63	-	-
Quick Ratio	125%	126%	144%	145%	160%	-	-
Current Ratio	165%	170%	192%	191%	213%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	YoY Net Chg.
Operating Cash Flow	1,785	3,393	3,185	2,490	2,942	-	-
Investing Cash Flow	(2,770)	(2,335)	(3,253)	(1,788)	(670)	-	-
Operating Cash Flow and Investing Cash Flow	(985)	1,058	(68)	701	2,272	-	-
Financing Cash Flow	1,199	(738)	74	(772)	(1,684)	-	-

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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