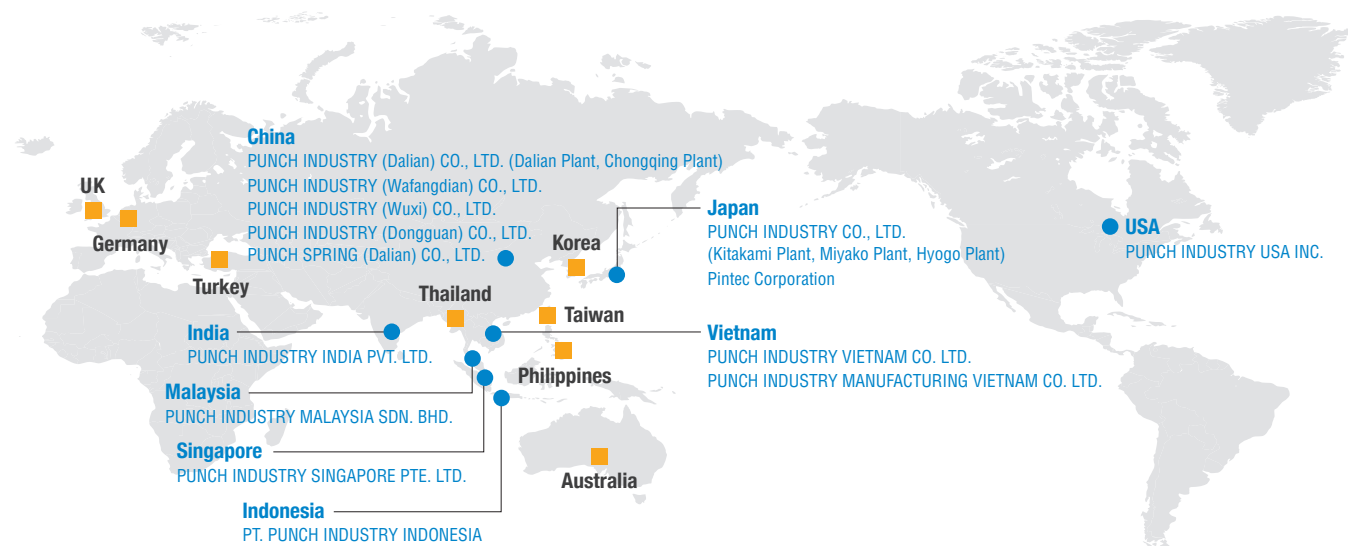


The Punch Industry Group's Network

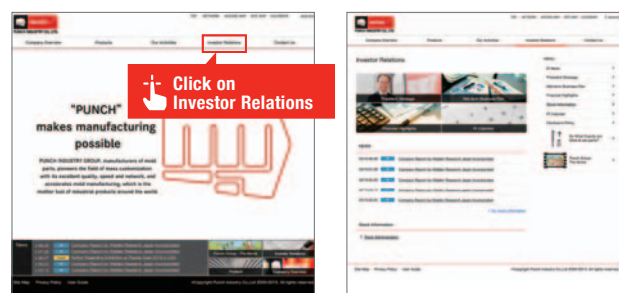


● Group companies ■ Sales offices



Introduction to Company Website and IR e-Magazine

■ Company Website



Top page

Investor Relations

The Punch Industry website contains various information, including Company Overview, Business Overview, and Investor Relations information.

<https://www.punch.co.jp/english/>

■ Inquiries

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Disclaimer Regarding Forward-Looking Statements

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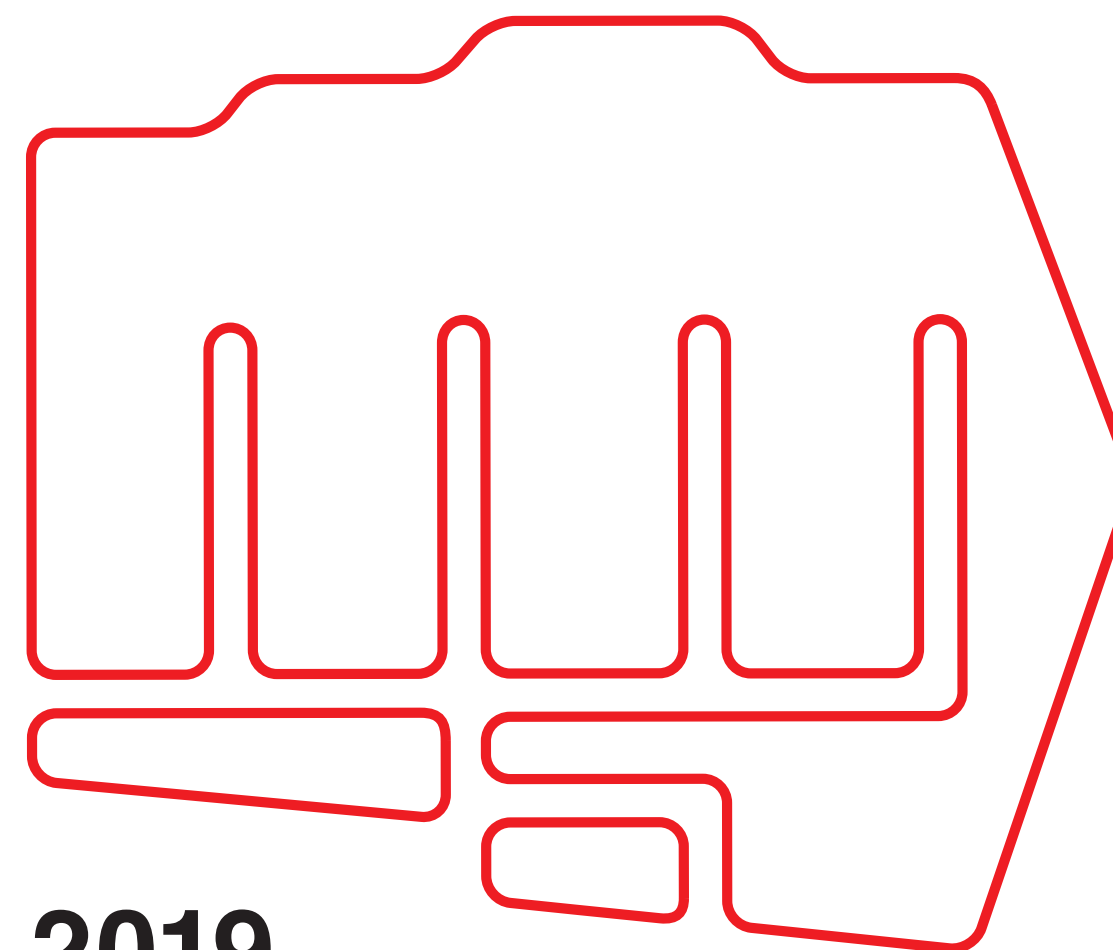


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2019 ANNUAL REPORT

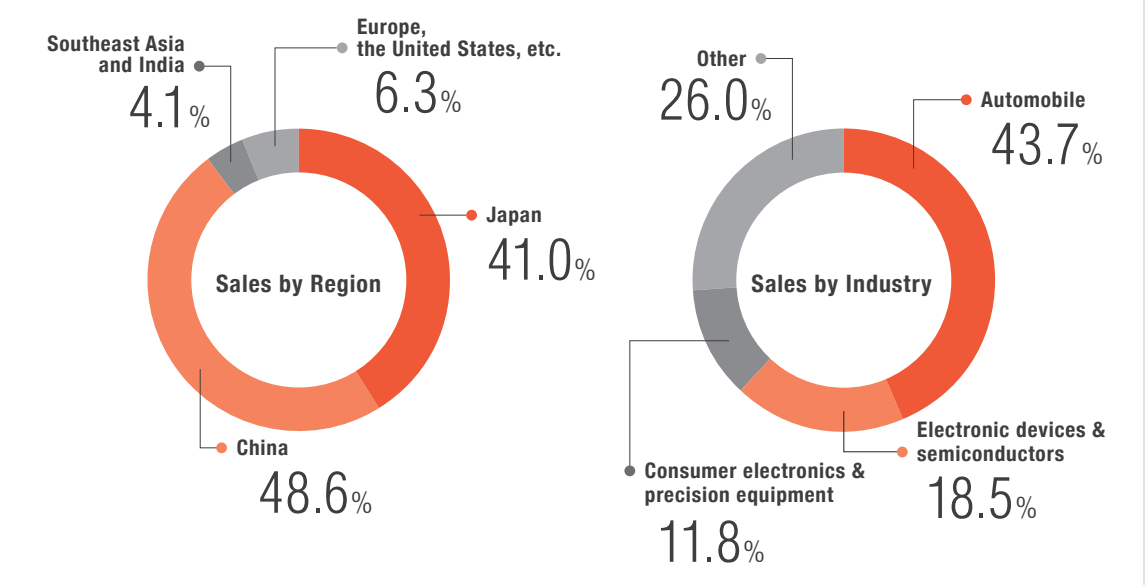
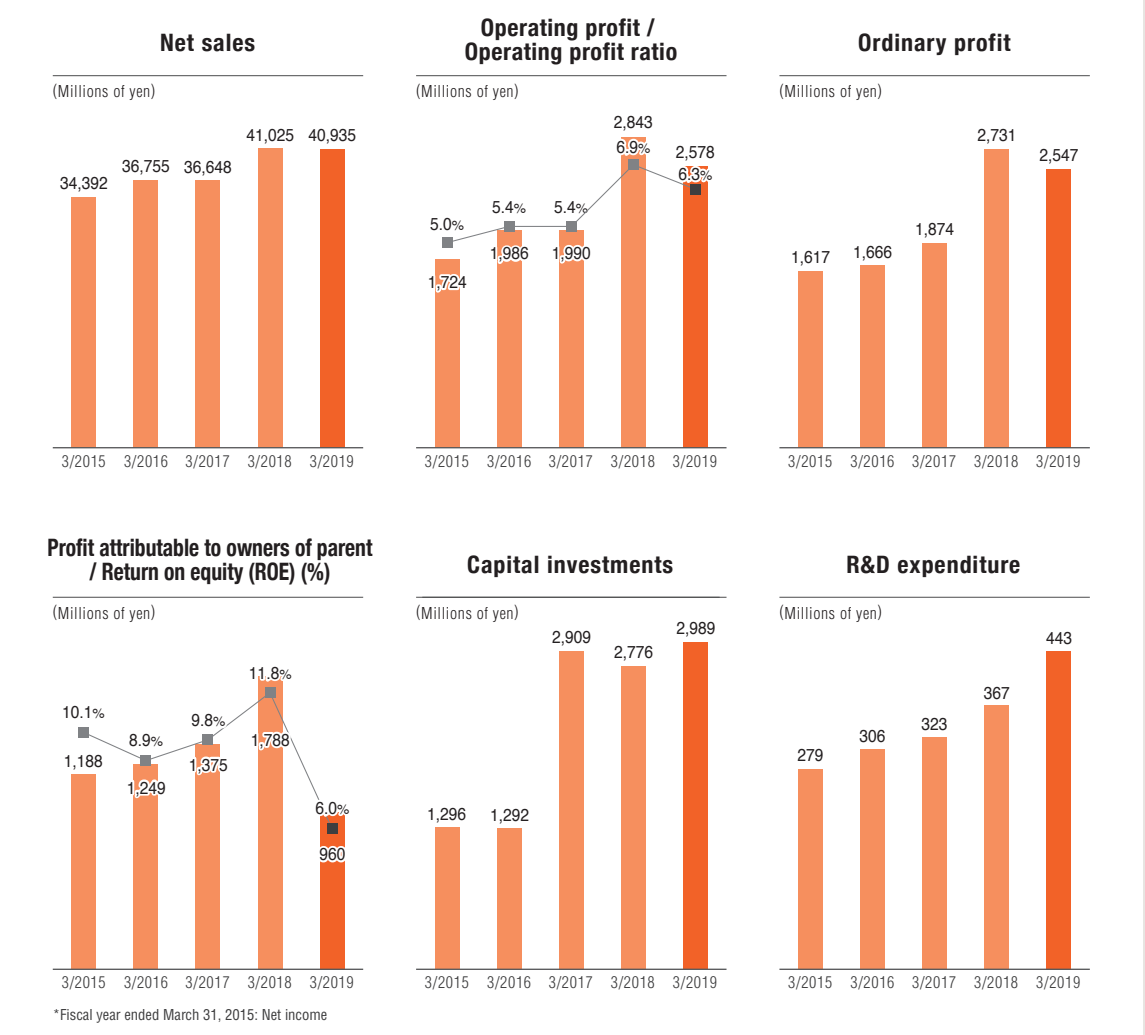
SUPPORTING PRODUCT MANUFACTURING
AROUND THE WORLD



Supporting Product Manufacturing around the World



Performance Highlights



Management Principles

Driven by the spirit of innovation, we will continue to develop and propose advanced technologies in response to customer needs, for the benefit of society.

We will create a vibrant corporate culture that fulfills people's dreams, by placing high value on vigorous energy and flexible ideas.

We will contribute to social development by embracing the spirit of environmental consideration and compliance and promoting sound corporate activities that are appreciated by society.

Corporate Vision

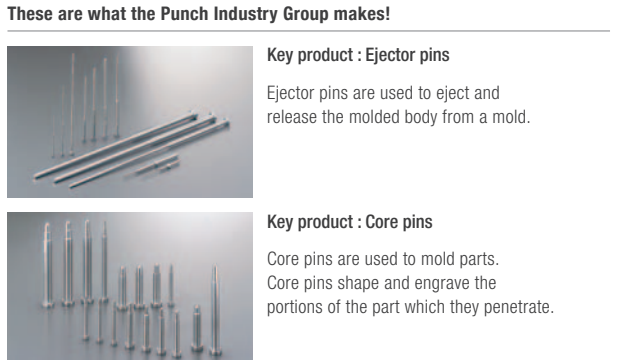
We aim to become the leading brand in the mold and die components industry and achieve high profitability by leveraging our competitive advantage as a comprehensive manufacturing and sales company.

Business Fields

Molds and dies are necessary for making automobiles, electronic equipment, and consumer electronics—essential items in our daily lives—swiftly, uniformly, and in mass quantities. The Punch Industry Group makes the components that constitute such molds and dies. Deploying strengths amassed over 40 years—advanced technological capabilities, product quality, and meticulous services—we support global manufacturing and people's comfortable lives.

Components for Plastic Molds

Plastic molds are used in the manufacture of many plastic products, such as the outer casings of smartphones and digital cameras. Each product is made by heating resin until it melts, injecting the melted resin into a die mounted on an injection molding machine, and then allowing it to cool and solidify. The Punch Industry Group manufactures and sells components used in these molds.



Components for Press Dies

Upper and lower press dies are fitted to a press machine, which moves up and down. Sheet metal is inserted between the two dies, which are then pressed together to form a product that takes the same shape as the upper and lower dies. The Punch Industry Group manufactures and sells components used in these press dies.



Toward the Full-Scale Start of a New Group Production System in Fiscal 2019 Aimed at Becoming a Global Enterprise

In fiscal 2018, Punch Industry took various steps to counter the increasingly adverse effects of the external environment that included a slowdown in the Chinese economy. Despite this, our performance was rather disappointing in both Japan and China. I am confident that we are heading steadily toward the next stage on the whole, however, in the four priority initiatives outlined in our mid-term business plan, “Value Creation 2020 (VC2020).” We will spend the remaining two years of the plan working hard to achieve these priority initiatives.



Masaaki Takeda
Representative Director, President and Chief Executive Officer

Fiscal 2018 in Review

U.S.–China trade friction has exacerbated the sense of uncertainty in conditions surrounding those two countries as well as Japan. Orders were particularly sluggish in Japan in the first half of the fiscal year after a series of natural disasters. Punch Industry’s sales revenue largely comes from the automobile industry, and fewer new model development projects and a year-on-year decrease in unit production had a significant impact on fiscal 2018 results. We also felt the effects of a decline in production volume of smartphones in the electronic device and semiconductor sectors.

Progress in the Four Priority Initiatives of VC2020

1. Establishment of 5-Pole Sales System

Punch Industry has continued to move away from a concentration on Asia to establish a 5-pole sales system covering Japan, China, Southeast Asia and India, Europe, and the Americas by strengthening its sales systems in Europe and the United States. Fiscal 2018 was a year in which we made inroads in efforts to expand sales in Europe in particular. Tie-ups with key distributors there have helped us in this endeavor and the deeper and wider relationships have led to steady growth in business.

In fiscal 2019, we established the Marketing Office for Europe and the Americas to intensify efforts in each region. We are dedicated to further strengthening sales in Europe and expanding the customer base in the Americas under the direction of this office.

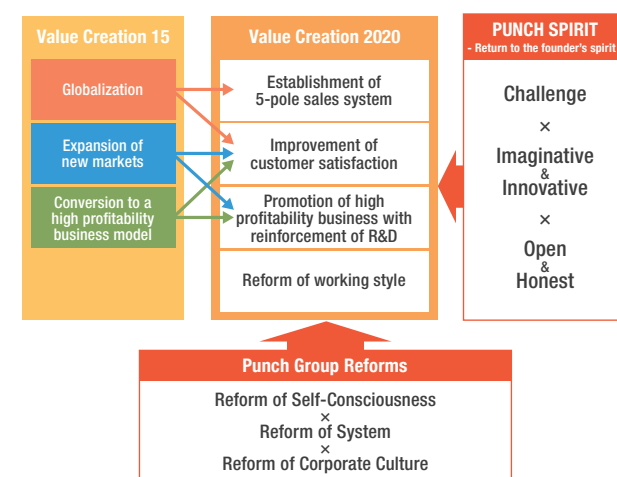
2. Improvement of Customer Satisfaction

In order to remain a company supported by customers, we need

to constantly raise our technological expertise. In fiscal 2018, we focused on improving the quality of various components for press dies such as coil springs and reorganized our product distribution channels as a means to reinforce sales.

Our digital engineering services, which support new manufacturing centered on digital measurement, is making progress as well, with a number of inquiries and queries coming from an extremely wide range of customers. Since requirements are so diverse, however, we will narrow down the domains we will concentrate on in fiscal 2019 in an attempt to strengthen business.

Linkage of Priority Initiatives of Value Creations



3. Promotion of High-Profitability Business with Reinforcement of R&D

Punch Industry is witnessing steady growth in high value-added food-, beverage-, and medical-related products—areas of strategic focus that have begun contributing to performance.

In China, where we have undertaken various initiatives ahead of other countries, sales of high value-added strategic products have grown to account for 20% of total sales. Meanwhile, in Japan we will make effective use of the face-to-face relationships we have nurtured with customers to accurately identify needs, clarify concrete challenges, and invest in R&D with the aim of further increasing sales.

In terms of intensifying efforts in these high-profit businesses, we need to transfer the production of semi-finished products and cost-competitive finished standard products to our Vietnam Plant to the greatest extent possible and secure space for high value-added special-order products in Japan and certain plants in China. We are currently shifting the production of finished standard products from Japan to our Vietnam Plant under Phase 2 of the project. We will work to steadily get the production transfer on track and optimize our manufacturing framework during fiscal 2019 so that we will be in a perfect position to commence a new Group production system.

4. Working-Style Reforms

Punch Industry instituted a new personnel system in April 2019. We will work to align this system with our working-style reforms since they are essentially two sides of the same coin and entrench both as cornerstones of our corporate culture.

In Japan, it’s essential that we pursue a style of manufacturing that is less dependent on individual skills and place more emphasis on diversity management amid projections of a labor shortage due to the aging society and dwindling birthrate. These will be key challenges in fiscal 2019 and beyond.

Around half of our business stems from the production of special-order products in which manufacturing processes are not fixed. In metalworking, the majority of work is reliant on individual competency since it’s difficult to make technical drawings and therefore to computerize processes. It’s extremely important that these manufacturing skills are passed on to the younger generation at all times. While certain aspects of work are being automated, it’s also necessary to make sufficient efforts to

transfer skills, which includes developing human resources at the Punch Academy.

Additionally, we must take a holistic approach to promoting the active roles of women, employing persons with disabilities, and providing the opportunity to employees who have reached the retirement age yet keep contributing to the value of the Company. We will encourage a wide variety of working styles rather than get stuck on the concepts of “regular” and “irregular,” and establish an environment that enables work based on diverse options.

I believe that such a unique stance will serve to strategically differentiate us from the competition over the long term. As part of this process, I would like to vigorously debate a human resources strategy that allows us to become a 100-year company.

Beyond 2020

We will continue striving to become a global enterprise. Our direction remains constant. However, we will thoroughly overhaul our manufacturing underpinning this goal and aim to optimize production at our plants in Japan, China, Malaysia, and Vietnam. To achieve this, we will make sure to launch production at our newly established Vietnam Plant and then embark on the reorganization of our production system in Japan as major themes for fiscal 2019.

Further, we have identified three long-term challenges to address. First, we will enhance quality so we can compete on the global stage. Second, we will commence operation of production equipment with a view to compact management. Third, we will establish a unique corporate governance system. Our current business development is regionally based and uncoordinated globally. As such, we need to develop a truly global management framework in order to band together and compete based on the combined competencies of the Punch Industry Group. By doing so, I am confident we can connect the different pieces of information into a coherent whole to boost our collective capabilities and heighten our presence in the global market.

Concluding Message to Stakeholders

It is the overarching mission of a manufacturing company to provide good products that satisfy customers around the world at a cost that they can accept. On this front, we are constantly striving to make improvements. As we look to further develop business globally, we will need to face up to numerous challenges. We must also reinvigorate discussions internally on how we should think about social contribution and make actions accordingly as a company. It’s important that we express our unique style and what it means to be the Punch Industry Group by showing the world exactly what we can do in a specific manner.

Working toward becoming a truly global enterprise that fulfills our social responsibility in a broader sense, we aim to be a company with an established presence supporting the prosperous lives of people around the world, although the mold and die components industry is inconspicuous. To that end, we aim to realize a management structure that is comparable on the global stage.

We look forward to the continued support of all stakeholders.



Accelerating Initiatives to Drive Further Growth with a View to Value Creation 2020 and Beyond

Tetsuji Morikubo

Representative Director, Vice President and Chief Strategy Officer



Establishment of Development Headquarters to Create New Value

The Development Headquarters was established in April 2019 to accelerate “promotion of high-profitability business with reinforcement of R&D.” When an order comes in, manufacturing sites tend to prioritize production of order items. This renders it difficult to also focus on the R&D of items with complicated processing requirements that are difficult to accommodate with the technology on hand despite receiving an inquiry. The Development Headquarters was therefore set up as a dedicated division for handling R&D.

The Development Headquarters is divided into the Technology Development Department and the Market Development Department. The Technology Development Department is charged with introducing equipment required for inspection and engaging in repeated development with the aim of establishing new processing technology. Once processing conditions are set and orders can be taken, the department will examine the viability of transferring the equipment to the manufacturing site. Other areas of responsibility include efforts to boost productivity, such as by enhancing production methods and reducing costs for existing products, as well as identifying new business opportunities through the research of new materials with surface

processing.

The Market Development Department will examine the practicality of taking on challenges in new businesses without sticking too rigidly to the domains of existing businesses. The department will also handle digital engineering services. We have been displaying our products and technologies at exhibitions and promoting business talks with customers. These moves have resulted in actual orders and contribution to sales while serving to heighten our presence in the market. Given intense competition, however, the department will closely examine the formulation of strategies that will be deployed across the Company.

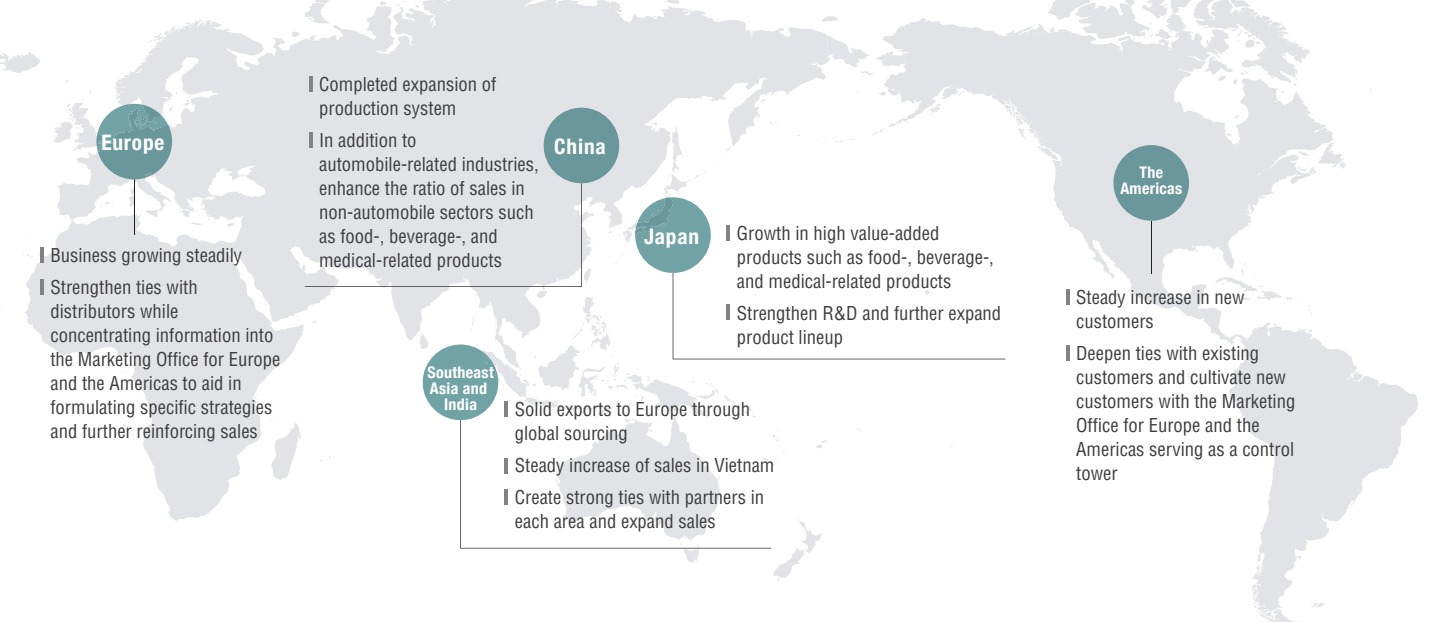
New Marketing Office for Europe and the Americas for the Establishment of 5-Pole Sales System

The Marketing Office for Europe and the Americas has been set up to drive ongoing sales expansion in the European and Americas markets. In Europe, we currently use a mix of distribution channels based on local distributors and a direct sales route from China. Information from these two channels will be integrated by the new office in an effort to form a more cohesive distribution system. We also plan to conduct market research and create concrete strategies as part of the office's

duties. For the Americas market, although we have established a local subsidiary to handle sales activities, the sheer size of the region necessitates the office to serve as a control tower to decide which strategy to adopt in coordinating with production sites in Japan, China, and Malaysia while seeking to deepen ties with existing customers and cultivate new customers.

In addition, the office will increase its handling of products through global sourcing (a function to handle procurement from optimum production sites in Japan, China, Malaysia, and other subcontracting plants for orders from Europe, the Americas, and Asia) in Malaysia as a strategic move to establish our 5-pole sales system.

Establishment of 5-Pole Sales System (Initiatives in Each Region)



Formulation of Next Mid-Term Business Plan, “Beyond 2020”

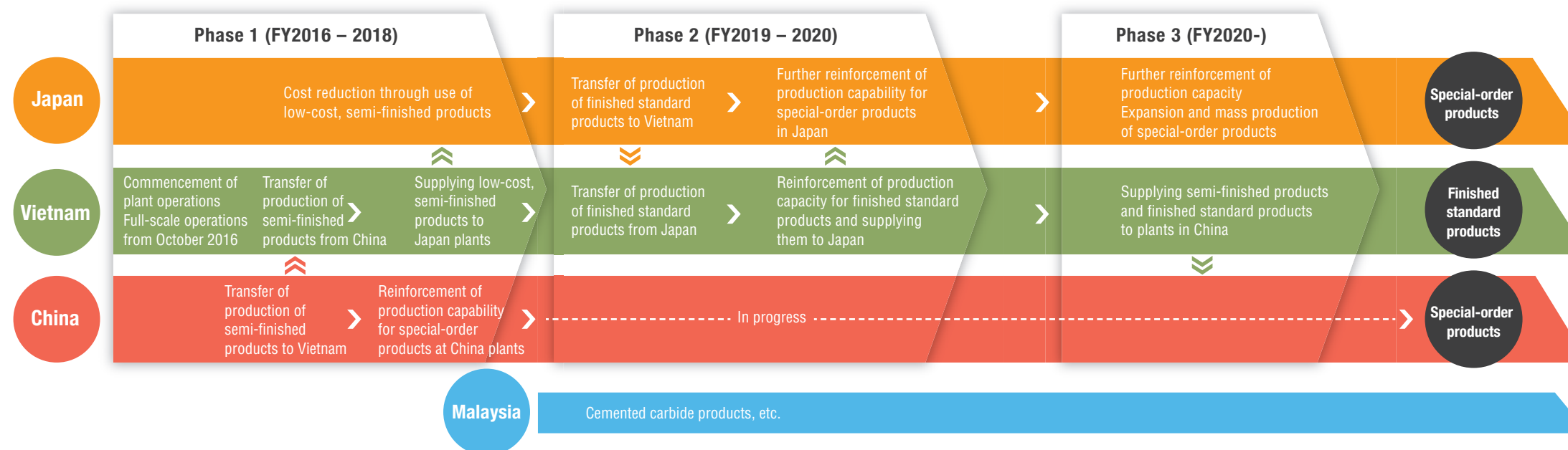
With the aim of optimizing the Group's entire production system centered around the Vietnam Plant, in the next mid-term business plan we are examining the possibility of supplying semi-finished products and finished standard products to China as Phase 3 of our Vietnam Plant project. In addition, we are also looking at strengthening our production system in Japan, where the business environment remains challenging due in part to a

dwindling work force.

If our customers shift their production sites from China to Southeast Asia, Brazil, and Africa caused by U.S.-China trade friction, we will also need to consider how we deploy our production system and respond with flexibility.

Rather than a strategy aiming solely at boosting sales, we will also focus on a human resources strategy to develop personnel who can play active roles on the global stage and provide ample support to our global manufacturing framework.

Based on new production system, transform into high-profitability business structure while accelerating growth by strengthening special-order products and establishing 5-pole sales system: Optimization of production system underpinning the realization of VC2020



Phase 1: Transfer of production of semi-finished products
Despite falling behind our initial plan, the Vietnam Plant is completed and expected to establish stable operations and supply lower-cost semi-finished products in fiscal 2019.

Phase 2: Transfer of production of finished standard products
We began transferring production of finished standard products to the Vietnam Plant from Japan in March 2019 and gradually increased the number of production items by July 2019. Everything is running according to plan without delays. We are planning to supply finished standard products from the site at a lower cost, same as semi-finished products.

COO MESSAGES

Aiming to Create a Sales System That Can Be Adapted Globally by Sharing Information on the Features of Our Production Sites and Ongoing Projects



Yasuhiro Sanada

Director, Managing Executive Officer and Chief Operating Officer (Sales)

Sales Division

Toward the Creation of the 5-Pole Sales System

The Punch Industry Group is steadily expanding sales in Europe and the United States with the aim of establishing a 5-pole sales system covering Japan, China, Southeast Asia and India, Europe, and the Americas.

Below are details on initiatives in each of the five regions.

Japan

In Japan, we are making efforts based on alliances with customers. Such initiatives include taking on the production of components that was previously handled by die manufacturers and commencing supply. In new fields such as food-, beverage-, and medical-related products that are less susceptible to fluctuating market conditions, moves to introduce new equipment are picking up based on customer needs as with other fields. The ratio of sales of high value-added fields has expanded on the back of the speedy development of new products and mass production of finished products. We are continuing to receive a high number of requests from customers and will look to expand product lines while taking into account capital investment and future prospects.

In addition, in the aerospace-related industry, we are continuing to explore the possibility of products with high affinity to our business that we can target. We have been contacted with concrete development themes from companies in the industry and are currently making progress with joint industry-academia collaborations.

China

In China, where we expanded the Dalian Plant to provide for a higher-capacity production system, we have been undertaking eight projects aimed at boosting sales of high value-added products as we seek to further increase operations. On top of this, we started a new project in January 2019 in a non-automobile industry. We have found success in our initiatives to alleviate issues facing customers thanks to a finely tuned sales system, and we are beginning to see the fruits of our efforts emerge. We are also progressing smoothly in the focus areas of food and beverages such as canning, and our quality has been highly acclaimed for products targeting China and the Americas.

Southeast Asia and India

In Southeast Asia, performance has been particularly strong in Vietnam. A broad array of industries and businesses in the country has been invigorated amid the trend to relocate production sites from China to avoid the impact of U.S.-China trade friction.

In Indonesia, we are shoring up ties with joint sales companies and targeting special-order products. This move is slowly picking up and an increase in the number of repeat buyers has boosted the sales ratio of such products.

In Malaysia, where we have a production base, exports to Europe have been solid owing to efforts to leverage the benefits of global sourcing and strengthen bonds with local distributors.

In India, there has been a shortage of new automobile projects due to a high number of products with minor changes despite the rising automobile production volume. Against this backdrop, we could see progress in cemented carbide products (cold forging) and plastic mold and die components.

Europe

In Europe, we are making efforts to boost sales of automobile-related electronic components in particular by reinforcing close ties with local distributors. Based on the information distributors gather, we have been continuously providing sales support such as regularly accompanying their sales calls, which is helping to steadily enhance performance.

Meanwhile, we have established the Marketing Office for Europe and the Americas to undertake concrete research and investigation into future developments for the untapped food-, beverage-, and medical-related fields.

The Americas

In the Americas, we are opening up new opportunities on the back of positive assessments of our sample products from a beverage container manufacturer with extremely strict quality requirements.

In addition, we have a positive prospect for the future with a steadily increasing number of new customers. From around summer 2018, we started sales of semi-finished products to local companies as well. We will leverage our production capacity and look into OEM supply of finished standard products as we expand our initiatives.

Striving to Exceed Customer Satisfaction and Leave a Lasting Impression by Leveraging the Advantages of an Integrated Manufacturing and Sales System to Enhance Our Technological Expertise and Responsiveness



Akira Takanashi

Director, Senior Executive Officer and Chief Operating Officer (Manufacturing)

Manufacturing Division

Launch of the Vietnam Plant Aimed at Enhancing Group Profitability

The Vietnam Plant is a production site with an extremely important role to play in optimizing the Punch Industry Group's production system from a global perspective.

Phase 1 of the project (production transfer of semi-finished products) faced delays due to the time required to secure human resources and enhance proficiency levels as well as stagnating performance in Japan and China. In Phase 2 of the project (production transfer of finished standard products), we are progressing well and increasing product varieties every month without any major problems. Going forward, we will continue aiming for stable operations that produce the results we want.

Establishment of a Mass-Production System for High Value-Added Products

Transferring the production of finished standard products from Japan to the Vietnam Plant frees up both human resources and plant space, which we plan to utilize for the expansion and mass production of special-order products, particularly at the Kitakami Plant and Miyako Plant. Around the end of 2019, we plan to enhance skills and make capital investment to expand special-order products at these two plants in Japan. From fiscal 2020 onward, we will endeavor to increase their ratio of special-order products by targeting the food-, beverage-, and medical-related fields.

Further, we will try our hand at processing components other than molds and dies to drive more growth for the future. One area of focus will be the aerospace-related industry. We will take our time and move cautiously here.

In China, we have started to strengthen our canning line for food and beverages and took steps to refine our target market and products, setting us along a growth track. We have also been receiving an increasing number of inquiries regarding new development and mass-production projects that cannot be processed with conventional equipment and technology. Demand for such high value-added strategic products has grown lately in regions outside China as well. For these reasons, we decided to expand the Dalian Plant.

From a skills perspective, Japan forms the backbone of our business with a proven track record of more than 40 years at a high

level. Meanwhile, the breadth of technologies has been growing in China as business expands. In particular, we are seeing a number of personnel coming out of the Development Headquarters of the Dalian Plant with exceptional technological expertise, skills, and know-how. In fact, the samples that were highly evaluated by a beverage container manufacturer in the United States were made at the Dalian Plant. We will broadly share such technologies and raise the standard of skills within the Punch Industry Group with the aim of expanding our high value-added product lines.

Moving ahead, we will strengthen our ability to provide new products by encouraging close links between development and production division, and also optimize our global production system by promoting cooperation and complementary relationships between our two top Japan and Dalian manufacturing sites.

Key Points from the Perspective of Raising Customer Service

Ongoing themes at Punch Industry focus on the pursuit of high-class performance in terms of quality, cost, and delivery as a company with manufacturing sites and plants, as well as on the development of human resources. In addition, our competitive advantage comes from being an integrated manufacturing and sales company and our ability to handle both finished standard products and special-order products. These capabilities mean that our customers often provide us with diverse technical requirements. Further heightening our technological expertise and responsiveness to meet these needs will lead to better customer service. To achieve this, we never consider the status quo to be the best place to be. Instead, it's extremely important to be aware and observant each day, which includes making continuous improvements, in order to drive further growth.

Passing along advanced skills is something we endeavor to do in the course of daily work, but it is also imperative that we raise the level of technology so that we can respond precisely to new requirements to grow the company further. "If you can't do something, learn that particular skill from someone who can." Based on this approach, we will proactively share technology within the Punch Industry Group and with business partners while accepting greater guidance from customers. Our ultimate goal is to produce results that have an impact, exceeding customer satisfaction and leaving a lasting impression.

CFO MESSAGE

Recognizing the Reorganization of Financial Affairs to Be Our Biggest Challenge in a Difficult Business Environment

Takao Murata

Director, Senior Executive Officer and Chief Financial Officer



Financial and Human Resources Strategies

Fiscal 2018 an Extremely Tough Year

Fiscal 2018 was a very difficult one for different reasons in each half of the year. In the first half, Japan was faced with the impact of natural disasters while in the second half the economy slowed due in part to U.S.-China trade friction.

Although net sales only declined by ¥89 million year on year, operating profit was down by approximately ¥260 million due to a rising cost ratio stemming from a slump in operations at plants in both Japan and China. We take this year-on-year decline very seriously although we already achieved our initial target for operating profit under “Value Creation 2020 (VC2020).”

We are aiming for an operating profit ratio in the double-digit range as our medium- to long-term target, but the result for fiscal 2018 put us a step backward from our target. Even though we manifest steady growth in high value-added products that lead to enhanced profitability, a key condition for reflecting this result in overall performance is to maintain plant operations. In fiscal 2018, we were unable to make the best of the situation. Since there is no point in turning to the external environment alone to lay the blame, I believe the time has come to reconsider our business strategy for realizing medium- to long-term growth as well as our financial strategy and human resources strategy supporting this.

Financial Position

Interest-bearing debt increased by ¥700 million and net funds decreased by ¥900 million compared with the beginning of the fiscal year since we were unable to generate enough operating cash flow to cover the investment we outlaid of approximately ¥3.0 billion. In the past two years of VC2020, we have succeeded in improving our financial position while continuing to make proactive investments. In fiscal 2018, however, our financial condition worsened slightly, a result we take very seriously. In business, there is a time for being aggressive and a time for being defensive. There is no change to our belief that now is the time to be aggressive, but we will take the time to reexamine and follow up on whether or not the investments we make are likely to generate cash flow in the future.

In terms of financial indicators, our net worth ratio was 50.4%, barely exceeding 50%. Despite this, return on equity

(ROE) was 6.0% and return on assets (ROA) was 3.0%, down significantly year on year due in part to the impact of recording an impairment loss at the Vietnam Plant. Excluding the impact of the impairment loss, however, ROE was around 11%, down slightly on the 11.8% posted in the previous fiscal year. This makes it clear that the rising cost ratio has negatively affected profitability. To overcome this issue, we have reaffirmed the need to further boost our sensitivity to return on investment.

Capital Investments and Depreciation

In fiscal 2018, we made two major investments, namely Phase 2 of the Vietnam Plant project (production transfer of finished standard products from Japan) and expansion of the Dalian Plant in China. Capital investments for the year amounted to approximately ¥3.0 billion, which is a significant investment under our VC2020 plan advocating proactive investment. The Vietnam Plant project has now entered its third year. Although we had some difficulties getting Phase 1 of the project up and running, the situation picked up in Phase 2. The Vietnam Plant posted a considerable impairment loss after running afoul of accounting standards. This has lessened the burden on depreciation, however, and employees at the Vietnam Plant are staying positive, expressing their resolve to move on and turn things around. In China, where we expanded our plant, we are faced with a decelerating economy just as we completed preparations for a full-scale increase in orders. Conditions remain at a standstill there despite our continued and varied sales activities. We are waiting for the economy to recover once the U.S.-China trade friction settles down or for positive effects of the Chinese government’s measures to spur the economy.

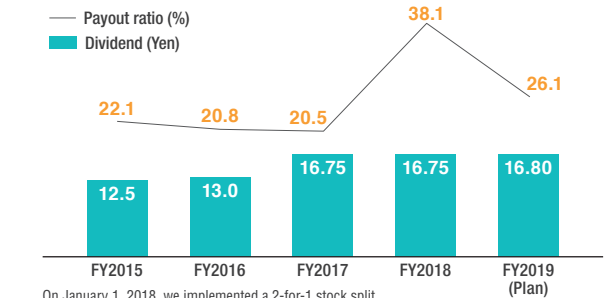
In fiscal 2019, we are planning capital investments of around ¥2.2 billion, which are required to upgrade existing facilities and secure new orders. The amount is moderate compared with the past three years.

Depreciation in fiscal 2018 amounted to approximately ¥1.7 billion. The same figure is projected for fiscal 2019. Our investment amount has significantly exceeded depreciation over the last three years. Although we don’t think it’s necessary to bring these two indicators to equilibrium, it is becoming more important than ever to make investment decisions in consideration of return on invested capital, bearing in mind that the combination of profit and depreciation needs to cover investment.

Capital Investments/Depreciation

| (Millions of yen) | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 (Plan) |
|---------------------|--------|--------|--------|--------|---------------|
| Capital investments | 1,292 | 2,909 | 2,776 | 2,989 | 2,200 |
| Depreciation | 1,432 | 1,396 | 1,597 | 1,729 | 1,700 |

Dividend Per Share and Payout Ratio



On January 1, 2018, we implemented a 2-for-1 stock split. Dividend calculations for each fiscal year assume that the stock split was implemented at the beginning of fiscal 2014.

Efforts to Improve Assets Turnover

The non-current assets turnover rate fell from 3.78 times in the previous fiscal year to 3.56 times due to the decline in sales despite improving every year since we were listed on the stock exchange. Even though this is the result of continuously proactive investment, we still need to increase sales and profit to a level exceeding investment in order to improve the turnover rate of facilities, which requires us to remain conscious of recovering investment while paying attention to changes in the turnover rate.

On the other hand, the turnover rate of accounts receivable, which was hardly improving in recent years, was up from 3.47 times in the previous fiscal year to 3.54 times. We made improvements in the turnover rate overseas, especially in China, on the back of strong efforts to recover accounts receivable despite declining sales.

As a result, the turnover rate for total assets was 1.28 times. The rate was expected to improve thanks to the continued reduction of accounts receivable. It was, however, basically on par with the level generally seen in other years of around 1.30 times, due to a deterioration in the turnover rate of non-current assets.

Human Resources Strategy and Working-Style Reforms

My role involves overseeing not only finance but also all administrative departments, and it goes without saying that it is our employees who will lead the Company into the future. If we liken a company to a living organism, its employees would make up each of the cells. I believe that happy and vibrant employees are an absolute must for a happy and vibrant company. The well-being of each employee is therefore extremely important, and my policy is to aim to ensure the well-being of every individual through work. This goes beyond balancing work and private life. Performing well at work is bound to enrich one’s home/private life. These two components are not mutually exclusive but rather impact one another, and that’s why I’d like to increase the number of employees who can maintain a way of working and living that continues to generate synergy between the two. We are currently pushing ahead with the reform of our personnel system as a means to make this a reality.

If I were to sum up the features of the new personnel system introduced in April 2019, it is a system whereby those people

who do their best will be recognized and treated accordingly. We have overhauled our rating system, evaluation system, and compensation system to reflect the achievement of business objectives, behavioral assessments, and a framework enabling the pre-registry of business and non-business goals that an employee may wish to try.

Additionally, we introduced a career planning system and a self-assessment system as frameworks to further invigorate our human resources. Going forward, we will strive to strengthen management capabilities through evaluator training and a more effective interview cycle while encouraging a change in awareness among those in managerial positions. We will also take heed of employees’ opinions at every opportunity, and when required, fine-tune and revise the content and operating method of these systems.

With the introduction of the new personnel system, we will make fiscal 2019 the first year of our renewed consciousness toward Punch Industry personnel and strive to build an environment that really values our people. To achieve this, we will further promote our human resources development strategy beginning with efforts at the Punch Academy and view this year as a time to change direction toward revitalizing our human resources so they can fully display the “Punch Spirit.”

Turning to productivity reform, we realize that enhancing productivity is not something we can achieve in a day. Non-manufacturing departments have started a method to reform working styles using email and introduced robotic process automation (RPA) aimed at automating operations as part of system-support efforts. Meanwhile, manufacturing departments will take steps to enhance efficiency and reform working styles through small group activities aimed at improving costs as an extension of quality control (QC) circle initiatives.

Shareholder Return

We consider diverting retained earnings for reinvestment and linking it to greater corporate value in addition to dividends and share buybacks are excellent ways for shareholder return. In this context, total shareholder return (TSR), which must be disclosed in securities reports, is the optimum indicator of overall shareholder return. We will continue aiming to improve our TSR by increasing revenue, earnings, dividends, and the payout ratio.

Technology and R&D

The Punch Industry Group proactively engages in technology development and R&D, the source of value creation for a manufacturing company.

R&D and Marketing Creating New Value

The Punch Industry Group has R&D bases in Japan and China that cooperate with one another on the development of new production methods and products.

In Japan, we newly established the Development Headquarters in fiscal 2019 to identify new market-based needs as well as create new value and next-generation businesses and products amid a significantly changing management environment, including advancing digitization, progressing electrification, and shifting business models. The Development Headquarters will conduct marketing focused on new businesses and products, and develop technologies and perform R&D enabling this as part of a future growth strategy.

Technology Development and R&D Bases



Kitakami, Japan

At this base, we are mainly striving to “cultivate and foster new business,” “improve production methods and reduce costs,” and “develop processing technology and surface processing.” These are areas that leverage one of our strengths, namely our processing technology prowess.



Dalian, China

We enhanced our production structure in China by expanding the Dalian Plant in 2018. The new base promotes the development of high value-added strategic products as well as new products and production methods. Quality levels have been highly acclaimed by customers.

Digital Engineering Service



This new manufacturing support service focuses on digital measurement, including 3D CAD data production, component production via reverse engineering, and test data for quality assurance. We exhibit the technologies as part of our proactive public relations strategy. The service has been well received by numerous customers.

Intellectual Property Strategy

Punch Industry established the Intellectual Property Strategy Committee in order to advance our intellectual property strategy together with our management strategy and business strategy. The committee works together with related divisions that include R&D, sales, and production to strengthen the protection, utilization, and acquisition of patents and trademarks, and to foster and enhance awareness of intellectual property among employees. The aims of these actions are to expand business, advance into new domains, and drive corporate growth.

Patent Application for a Coating Selection Tool for Stamping Punches

In recent years, goods being processed with press dies have become increasingly complex and sophisticated. This has led to a greater number of processes that cause significant stress on the mold components. In turn, the use of coating to enhance the durability of the mold components has risen. At the same time, there is still only minimal information available to help determine the most effective coating for this purpose. In addressing this problem, we created a tool that can quantify to a certain extent coating selection as opposed to relying on past experiences. We applied for a patent for this technology in fiscal 2018.



A lineup of punches with different types of coating

Environmental Initiatives

The Punch Industry Group exhaustively considers the definition of “eco-friendly products” and rigorously examines them, under its environmental principle that plays a significant part in social development by protecting Earth’s irreplaceable nature and developing eco-friendly products. We have acquired the Environmental Management System certification to promote continual improvement, as well as carrying out regular training and education to enhance employees’ awareness of the environment.



Punch Industry has established its own eco-friendly mark for products that meet the RoHS Directive and other environmental laws and regulations. The mark appears in our product catalogs.

Human Resources Strategy

Human resources are the foundation of business activities. Invigorating our human resources and encouraging personal growth are the biggest driving forces behind the Punch Industry Group’s progress and the enhancement of corporate value. We strive to develop our human resources and promote work-style reform based on this philosophy.

Human Resources Development

Punch Industry established the Punch Academy in April 2017 with the main aims of nurturing human resources filled with the “Punch Spirit” and passing on the skills amassed in the Group over the years to young employees. In fiscal 2018, a total of 545 people took 41 courses at the academy that included new employee training, rank-based training, training to boost skills, and manufacturing-related training for sales personnel. In addition, courses focused on compliance, harassment prevention, and information security were conducted via e-learning for all employees.



Work-Style Reform

Punch Industry aims to realize a work style that continuously generates synergies by striking a harmonious balance between work life and private life. In Japan, we have introduced paid leave that can be taken in hourly units, telecommuting, and the extended period for child-care leave. These and other initiatives have served to establish a work environment that encourages diverse work styles. In addition, we have proactively incorporated IT to propel the shift to a work style that takes improvements in efficiency and productivity into account. A paperless environment and the introduction of robotic process automation have raised efficiency and automation in non-manufacturing operations.

Initiatives for Health Management

Punch Industry is striving to maintain and enhance the health of employees so that they can work with vitality and maximize their potential through improved performance. As one way to achieve this, we established health consultation offices at major business locations in Japan. At these offices, industrial physicians and public health nurses regularly help employees with health management. They conduct follow-ups to health checkups, individual consultations for health concerns, education on health promotion, mental health care, and individual guidance and training on such matters as smoking and lifestyle diseases.

Diversity

Promoting Employment of Persons with Disabilities

In order to further deepen understanding of manufacturing and working among persons with disabilities, in fiscal 2018 we received a visit from administrative staff and students of the Morioka School for the Deaf and provided a tour of the workplace using sign language.



Encouraging Active Roles for Women

Punch Women’s Forum (PWF) was founded in fiscal 2018 to consider the work styles of female employees and promote their active role in the Company. PWF holds seminars on work-life balance and health maintenance and enhancement, while focusing on creating a pleasant workplace environment for women and promoting a change of awareness from a female perspective.



Reform of Corporate Culture

Punch Industry undertakes various initiatives to reform corporate culture with the aim of becoming a motivating company in which each employee plays a leading role. In fiscal 2018, we engaged in volunteer activities at each plant, carried out a program to beautify the workplace with flowers, and set up a green curtain by growing bitter gourds.



Volunteers supporting wheelchair-bound athletes in a triathlon



Program to beautify the workplace with flowers

Corporate Governance

To continue being an entity that is highly regarded by society, the Punch Industry Group will further improve the transparency and soundness of management by reinforcing corporate governance and maintaining rigorous compliance.

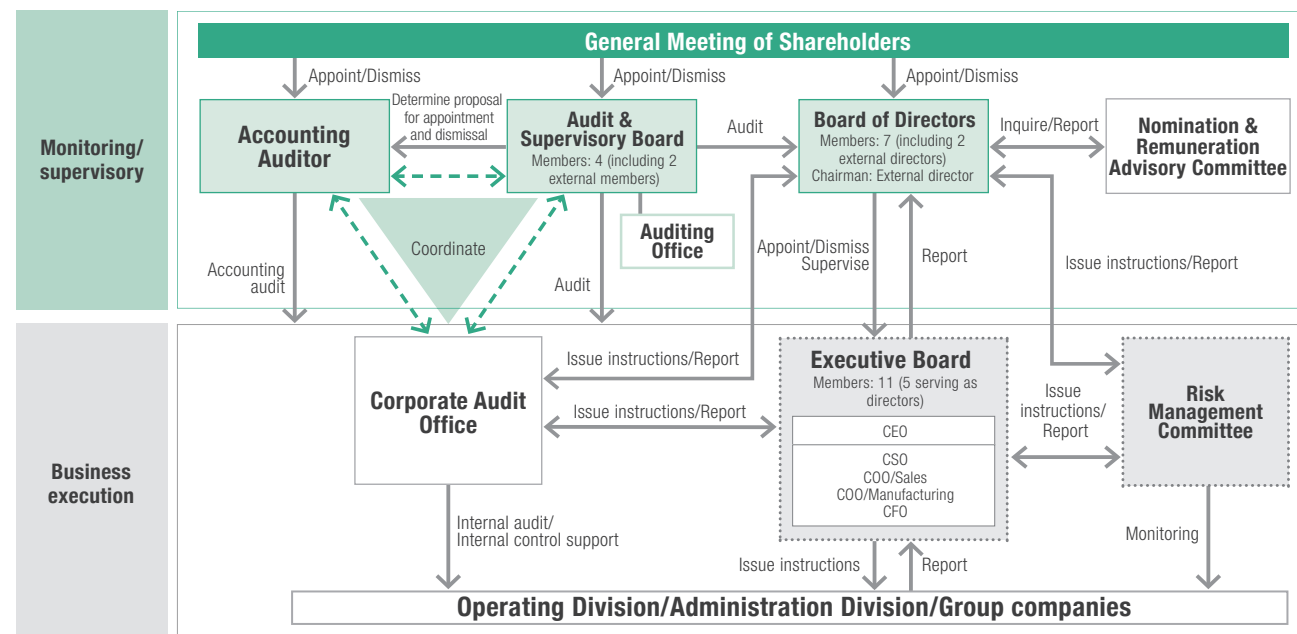
Initiatives to Strengthen Corporate Governance

| | 3/2014 | 3/2015 | 3/2016 | 3/2017 | 3/2018 | 3/2019 |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------------------------------------------------|-----------------------------------------------|--------|--------|
| President | 2013- Masaaki Takeda | | | | | |
| Charman of the Board of Directors | President serves concurrently as Chairman | | | 2016- An external director serves as Chairman | | |
| External Director(s) | 2013- 1 person | | | 2016- 2 persons | | |
| Advisory Committee, etc. | 2015- Nomination & Remuneration Advisory * Formulation of policy for nomination of management executives * Planning for and monitoring of successor | | | | | |
| Risk Management | Since public listing: Risk and Compliance Committee | | 2015- Name changed to the Risk Management Committee | | | |

Basic Policy

The Punch Industry Group makes dedicated efforts to enhance corporate governance practices to comply with laws and sincerely fulfill the corporate social responsibility, to ensure the soundness and transparency of management, to protect the interests of all shareholders, customers, and other stakeholders, and to continuously increase the corporate value, under the following concepts:

1. Securing shareholders' rights and equality
2. Appropriately cooperating with all the stakeholders including shareholders
3. Ensuring transparency by appropriate information disclosure
4. Supervising business execution by the Board of Directors
5. Engaging in constructive dialogue with shareholders



1. Board of Directors & Business Execution Structure

Punch Industry is a company with an Audit & Supervisory Board. The Company has strengthened its executive officer system to separate the monitoring/supervision of management by the Board of Directors and executive functions of management and to enable prompt decision-making by management. We abolished titled positions for directors except for the chairman, and have adopted a system of selecting the president and titled executive officers from among the executive officers.

The Board of Directors is composed of seven directors (including two external directors), with five executive directors concurrently serving as executive officers. The Executive Board, composed of all executive officers (five executive directors concurrently serving as directors and six executive officers), convenes at least once a month as the decision-making body for business execution. The Board engages in deliberation and makes decisions related to execution of business, including matters legitimately delegated by the Board of Directors.

2. Audit & Supervisory Board and its members

The Audit & Supervisory Board is composed of four members (including two external members). The Audit & Supervisory Board monitors the Company's governance practices and implementation status, and conducts an audit of daily activities, including the execution of duties by the directors. The external members are attorneys, and are responsible for monitoring management practices from the perspective of compliance. In addition, Punch Industry has established the Auditing Office and allocates dedicated staff to ensure smooth audit engagement.

4. Risk Management Committee

The Risk Management Committee, consisting of executive officers, and the chief of the Corporate Audit Office, works to establish, maintain, and improve the Company's risk management and legal compliance systems.

Compliance/Risk Management

The Company has established the internal audit division that reports directly to the president and chief executive officer, which conducts regular audits regarding the state of compliance with laws and regulations, the Articles of Incorporation, and internal rules and regulations. The Company has also set up the Punch Hotline, an internal reporting system for reporting and consultations if compliance-related issues are discovered. Adhering to a set of rules on whistleblowing, we strive to uphold internal controls and improve the system of in-house checks and balances.

Compliance education is carried out via new employee and rank-based training to ensure that all employees engage in appropriate

3. Nomination & Remuneration Advisory Committee

Punch Industry sets the Nomination & Remuneration Advisory Committee, composed of all external officers and directors who oversee management, as an advisory body of the Board of Directors to clarify basic policies and standards and enhance fairness and transparency of the decision-making process when nominating directors and executive officers and determining their remuneration.

5. Remuneration of Board Members, etc.

The total amount of the remuneration of directors and Audit & Supervisory Board members is approved by the General Meeting of Shareholders. The Board of Directors decides the specific amount of remuneration for each director upon the examination of appropriateness at the Nomination & Remuneration Advisory Committee, and the Audit & Supervisory Board decides the specific amount of remuneration for each Audit & Supervisory Board member.

and fair business activities. In fiscal 2018, compliance education was provided to all officers and employees via e-learning also.

Furthermore, the Company stipulates its basic policy and system for managing risks involved in operations in the Risk Management Guidelines and strives to deal appropriately with risk by enhancing this system. The Risk Management Committee met four times during fiscal 2018 to confirm the status of internal reporting and deliberate on issues and measures related to promotion of risk management across the Group, accurately understanding and evaluating risks, and implementing appropriate control. The Board of Directors regularly receives reports about the results of the Committee's activities.

Messages from External Directors



Yukiko Mitsuhashi
External Director

In addition to its orientation as a supervisory board, Punch Industry's Board of Directors takes on the role of a management board. Each member examines what needs to be decided by the Board of Directors and where responsibility ought to lie with respect to business execution. A healthy sense of tension exists in discussions between executive directors and external directors. The Company has an external director serving as chairman, and I have once again been elected to this position for fiscal 2019. As chairman, I aim to strike the optimal balance between selecting the agenda and managing proceedings in order to raise corporate value.



Kazuyoshi Tsunoda
External Director

Punch Industry established a corporate governance structure in fiscal 2015 and has worked to enhance its effectiveness while making improvements each year. Since being appointed external director in 2018, I have made efforts to improve the appropriateness, efficiency, and effectiveness of management, although I haven't always been totally satisfied with the results. This can be attributed to numerous areas in which I was unable to fully realize my goals due to a lack of follow-up. In fiscal 2019, I hope to contribute to management by setting trigger points for execution plans and heading into the field to strengthen my ability to gather management-related information. I will also make improvements to my method of monitoring, pursue discussion on medium- and long-term management planning and implementation, and be sure to conduct follow-up actions.

Reasons for Appointment of Directors and Audit & Supervisory Board Members and Meeting Attendance

| Name | Reason for appointment | Independent director | Attendance at Board of Directors and Audit & Supervisory Board meetings in FY2018 |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------------------------------------------------------------------------------|
| Masaaki Takeda | Following his appointment as a director in June 2011, the Company listed its shares on the Tokyo Stock Exchange and Mr. Takeda assumed the position of representative director and president. In the eight years since, he has worked as a director of the Company, helping to realize major increases in sales and income under Value Creation 15 and taking on a significant leadership role in the current mid-term business plan "Value Creation 2020." We have deemed it suitable to appoint him as chief executive officer capable of continuously enhancing corporate value. | | Attended 14 of 14 Board of Directors meetings |
| Tetsuji Morikubo | Mr. Morikubo formerly held important positions in the Company and the Punch Industry Group in China, and supervised business in Southeast Asia as the person responsible for the Punch Industry Group in Malaysia, contributing greatly to improved performance there. Since being appointed director in June 2018, he has built up a successful track record as the person in charge of corporate strategy. We have deemed it suitable to appoint him as a director capable of overseeing overall Group business as CSO and taking a lead role in Europe/U.S. strategy and development strategy. | | Attended 10 of 10 Board of Directors meetings |
| Yasuhiro Sanada | Mr. Sanada has worked as a director for the past seven years following his appointment in June 2012 and has leveraged his business experience in the Company and the Punch Industry Group in China to drive the mid-term business plan "Value Creation 2020" as a person in charge of the Punch Industry Group's business. We have deemed it suitable to appoint him as a director capable of overseeing Group operations in light of his experience and track record. | | Attended 14 of 14 Board of Directors meetings |
| Akira Takanashi | In addition to many years of experience in the Manufacturing Division, Mr. Takanashi has supervised all aspects of manufacturing, sales and management as a director, significantly enhancing performance. Since his appointment as a director in June 2018, he has actively assisted the CEO and COO overseeing Group business in Japan. We have deemed it suitable to appoint him as a director capable of overseeing the Group's manufacturing. | | Attended 10 of 10 Board of Directors meetings |
| Takao Murata | Mr. Murata has worked as a director for seven years following his appointment in June 2012. He utilizes his many years of experience and vast insight in the finance and accounting fields in his role supervising the Administration Division. We have deemed it suitable to appoint him as a manager with unified control over the Group's personnel, assets and cash, and with responsibility for promoting working-style reforms. | | Attended 14 of 14 Board of Directors meetings |
| Yukiko Mitsuhashi (External) | Ms. Mitsuhashi has extensive knowledge in general legal affairs as a lawyer as well as experience as an external director at another company in addition to work experience in a business corporation. We have therefore deemed it suitable to appoint her as an external director capable of realizing proactive governance. The Company also receives suitable advice from her regarding initiatives to promote diversity from her perspective as a female. | ☑ | Attended 14 of 14 Board of Directors meetings |
| Kazuyoshi Tsunoda (External) | Mr. Tsunoda has management experience as an executive officer and experience in auditing as a director (responsible for auditing) and corporate auditor in addition to extensive experience and knowledge in manufacturing at a business corporation. He takes on important roles for the Company such as monitoring business execution and providing appropriate advice on key management decisions. We have therefore deemed it suitable to appoint him as an external director. | ☑ | Attended 10 of 10 Board of Directors meetings |
| Norio Kitsui | Mr. Kitsui has worked eight years as an Audit & Supervisory Board member since his appointment in June 2011. He fulfills his work responsibility as an Audit & Supervisory Board member with advanced expertise in financial management backed up by experience as an executive officer in charge of financial management prior to his appointment. We have therefore deemed it suitable to appoint him as an Audit & Supervisory Board member. | | Attended 14 of 14 Board of Directors meetings and 16 of 16 Audit & Supervisory Board meetings |
| Susumu Sugita | Mr. Sugita fulfills his work responsibilities as an Audit & Supervisory Board member by utilizing his extensive expertise in the Group's business as a senior managing director prior to his appointment as an Audit & Supervisory Board member in June 2015. We have therefore deemed it suitable to appoint him as an Audit & Supervisory Board member. | | Attended 14 of 14 Board of Directors meetings and 16 of 16 Audit & Supervisory Board meetings |
| Ryoichi Ando (External) | Mr. Ando contributes to ensuring the objectivity and impartiality of management through fair judgment based on his many years of experience and knowledge as a lawyer. We have therefore deemed it suitable to appoint him as an external Audit & Supervisory Board member. | | Attended 14 of 14 Board of Directors meetings and 16 of 16 Audit & Supervisory Board meetings |
| Yoriatsu Matsue (External) | Mr. Matsue has an outstanding track record and extensive knowledge in corporate legal affairs to perform appropriate audits based on his expert insight as a lawyer. We have therefore deemed it suitable to appoint him as an external Audit & Supervisory Board member. | ☑ | Attended 14 of 14 Board of Directors meetings and 16 of 16 Audit & Supervisory Board meetings |

Honorary Chairman, Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 18, 2019)

Honorary Chairman



Yuji Morikubo
Founder, Honorary Chairman

Directors



Masaaki Takeda
Chief Executive Officer



Tetsuji Morikubo
Chief Strategy Officer



Yasuhiro Sanada
Chief Operating Officer (Sales)



Akira Takanashi
Chief Operating Officer (Manufacturing)



Takao Murata
Chief Financial Officer



Yukiko Mitsuhashi
External Director



Kazuyoshi Tsunoda
External Director

Audit & Supervisory Board Members



Norio Kitsui
Full-time Audit & Supervisory Board Member



Susumu Sugita
Full-time Audit & Supervisory Board Member



Ryoichi Ando
External Audit & Supervisory Board Member



Yoriatsu Matsue
External Audit & Supervisory Board Member

Executive Officers



Makoto Kume



Hiroshi Fujisawa



Hirohisa Morikubo



Hideki Kinumatsu



Minoru Kawano



Joji Kawasaki

5-Year Financial and Non-Financial Highlights

| Financial information | 3/2015 | 3/2016 | 3/2017 | 3/2018 | 3/2019 |
|-----------------------------------------------------|----------|----------|---------|---------|---------|
| Fiscal Year (Millions of yen) | | | | | |
| Net sales | 34,392 | 36,755 | 36,648 | 41,025 | 40,935 |
| Gross profit | 9,361 | 10,178 | 10,191 | 11,658 | 11,472 |
| Selling, general and administrative expenses | 7,637 | 8,191 | 8,201 | 8,814 | 8,893 |
| R&D expenditure | 279 | 306 | 323 | 367 | 443 |
| Operating profit | 1,724 | 1,986 | 1,990 | 2,843 | 2,578 |
| Ordinary profit | 1,617 | 1,666 | 1,874 | 2,731 | 2,547 |
| Capital investments | 1,296 | 1,292 | 2,909 | 2,776 | 2,989 |
| Depreciation | 1,316 | 1,432 | 1,396 | 1,597 | 1,729 |
| Profit attributable to owners of parent | 1,188 | 1,249 | 1,375 | 1,788 | 960 |
| Cash flows (Millions of yen) | | | | | |
| Net cash provided by operating activities | 1,805 | 3,187 | 1,785 | 3,393 | 3,185 |
| Net cash used in investing activities | (1,180) | (1,159) | (2,770) | (2,335) | (3,253) |
| Free cash flow | 624 | 2,028 | (985) | 1,058 | (68) |
| Net cash provided by (used in) financing activities | 1,013 | (1,901) | 1,199 | (738) | 74 |
| At year-end (Millions of yen) | | | | | |
| Total assets | 29,623 | 27,337 | 29,451 | 32,560 | 31,155 |
| Net assets | 14,205 | 13,999 | 14,176 | 16,174 | 15,734 |
| Cash and cash equivalents | 3,302 | 3,235 | 3,269 | 3,689 | 3,516 |
| Interest-bearing debt | 7,155 | 5,429 | 6,857 | 6,332 | 7,079 |
| Shareholders' equity | 11,679 | 12,586 | 13,598 | 15,096 | 15,500 |
| Per share information (yen) | | | | | |
| Net income*1 | 130.91 | 112.94 | 62.49 | 81.61 | 43.92 |
| Net assets*2 | 1,283.75 | 1,264.64 | 646.25 | 736.64 | 721.49 |
| Cash dividends per share ² | 25.0 | 25.0 | 13.0 | 16.75 | 16.75 |
| Dividend payout ratio (%) | 19.1 | 22.1 | 20.8 | 20.5 | 38.1 |
| Key indices | | | | | |
| Gross profit margin (%) | 27.2 | 27.7 | 27.8 | 28.4 | 28.0 |
| Operating profit margin (%) | 5.0 | 5.4 | 5.4 | 6.9 | 6.3 |
| Return on equity (ROE) (%) | 10.1 | 8.9 | 9.8 | 11.8 | 6.0 |
| ROA (%) | 4.4 | 4.4 | 4.8 | 5.8 | 3.0 |
| Net worth ratio (%) | 47.9 | 51.2 | 48.1 | 49.6 | 50.4 |
| Price-to-earnings ratio (times) | 9.89 | 6.79 | 9.26 | 14.09 | 12.93 |
| Overseas sales ratio (%) | 55.8 | 57.5 | 56.6 | 58.2 | 59.0 |
| Non-financial information | | | | | |
| Number of employees (persons) | 3,833 | 3,836 | 3,959 | 4,298 | 4,282 |
| Overseas employee ratio (%) | 74.1 | 73.8 | 74.1 | 75.6 | 75.2 |
| Ratio of females among new graduates hired (%) | 15.4 | 33.3 | 52.6 | 42.1 | 47.8 |

*1 Fiscal year ended March 31, 2015: Net income

*2 On January 1, 2018, the Company implemented a 2-for-1 split of shares of common stock. Figures in the above table are calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 2017.

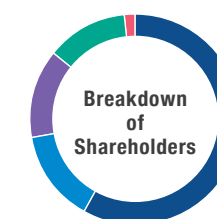
Company Profile (As of March 31, 2019)

| | | | |
|----------------------------|-------------------------------------------------------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Company name | PUNCH INDUSTRY CO., LTD. | Business | Manufacture and sale of mold and die components |
| Established | 1975 | Main banks | MUFG Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited |
| Capital | 2,897.73 million yen | | |
| Number of employees | 4,282 (consolidated) | | |
| Head office | Omori Bellport E-5F., 6-22-7 Minami-oi, Shinagawa-ku, Tokyo | | |

Investor Information (As of March 31, 2019)

Stock Information

| | |
|-----------------------------------|-------------------------------------|
| Total number of authorized shares | 80,000,000 |
| Total number of shares issued | 22,122,400 |
| Number of shareholders | 6,482 |
| Stock exchange listing | First Section, Tokyo Stock Exchange |
| Security code | 6165 |
| Number of shares per trading unit | 100 |
| Transfer agent | Sumitomo Mitsui Trust Bank, Limited |
| Accounting auditor | PricewaterhouseCoopers Aarata LLC |



| | | |
|--------------------------|------------|--------|
| Individuals and others | 12,879,557 | 58.22% |
| Financial institutions | 3,129,000 | 14.15% |
| Foreign companies | 3,015,300 | 13.63% |
| Other domestic companies | 2,781,300 | 12.57% |
| Securities companies | 317,243 | 1.43% |

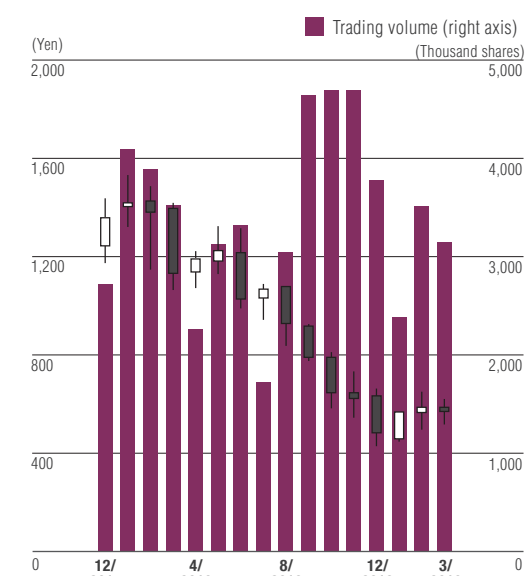
Note: "Individuals and others" includes treasury stock.

Major Shareholders (Top 10)

| Name | Number of shares held | Percentage of shares held (%) |
|------------------------------------------------------|-----------------------|-------------------------------|
| MT Kosan Co., Ltd. | 2,823,900 | 12.99 |
| Yuji Morikubo | 1,644,000 | 7.56 |
| Master Trust Bank of Japan, Ltd. (trust account) | 1,120,700 | 5.15 |
| Punch Industry Employees' Stock Ownership Scheme | 906,700 | 4.17 |
| Tetsuji Morikubo | 663,000 | 3.05 |
| CACEIS BANK S. A., GERMANY BRANCH - CUSTOMER ACCOUNT | 446,400 | 2.05 |
| Michiko Kamba | 431,000 | 1.98 |
| THE BANK OF NEW YORK 134088 | 359,100 | 1.65 |
| Mitsuo Nomura | 340,000 | 1.56 |
| Japan Trustee Services Bank, Ltd. (trust account) | 320,900 | 1.48 |

Note: Treasury stock (380,336 shares) is excluded from calculations of "Percentage of shares held."

Stock Prices and Trading Volumes



* On January 1, 2018, the Company implemented a 2-for-1 split of shares of common stock. Stock prices and trading volumes have been adjusted retroactively, considering the stock split.