

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)
FY03/2019		40,935	2,578	2,547	960	43.92	16.75	721.49
FY03/2020		35,348	835	712	(3,485)	(160.01)	2.00	536.64
FY03/2021CoE		31,400	860	850	(380)	(17.42)	0.00	-
FY03/2020	YoY	(13.6%)	(67.6%)	(72.0%)	-	-	-	-
FY03/2021CoE	YoY	(11.2%)	2.9%	19.2%	-	-	-	-
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 FY03/2020		17,991	80	2	(121)	-	-	-
Q3 to Q4 FY03/2020		17,356	755	710	(3,364)	-	-	-
Q1 to Q2 FY03/2021		15,412	313	372	(544)	-	-	-
Q3 to Q4 FY03/2021CoE		15,987	546	477	164	-	-	-
Q1 to Q2 FY03/2021	YoY	(14.3%)	290.5%	-	-	-	-	-
Q3 to Q4 FY03/2021CoE	YoY	(7.9%)	(27.6%)	(32.8%)	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (22 January 2021)


Re-engineering Sales Strategy

PUNCH INDUSTRY, manufacturing and selling parts of molds & dies in Japan and overseas, has recognized that the slump in sales will continue unexpectedly due to the prolonged impacts stemming from COVID-19 and has accordingly implemented impairment on fixed assets in Japan, while having revised down FY03/2021 Company forecasts (announced on 11 November 2020). Initial Company forecasts (announced on 22 May 2020) assumed that the impacts stemming from COVID-19 would gradually converge toward the end of Q2 and that sales as a whole for the Company in H2 would achieve roughly the same level as in the same period of the previous year. In response to the prolonged impacts stemming from COVID-19, the Company is currently considering measures for drastic business innovations, suggesting that it is working to cut back on costs and re-engineer sales strategy in order to build a robust management structure that will not lose out to changes in the external environment. Rather than balanced contraction due to short-term cuts in fixed costs and other factors, the Company says that it will create a mechanism in which all of the personnel work as one and continue to generate earnings in a sustainable manner under the direction of representative director Tetsuji Morikubo for the sake of corporate value enhancement from a long-term perspective. In particular, it appears that the Company focuses on efforts to re-engineer sales strategy, implying that it looks into creation of customer needs through an offensive stance.

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

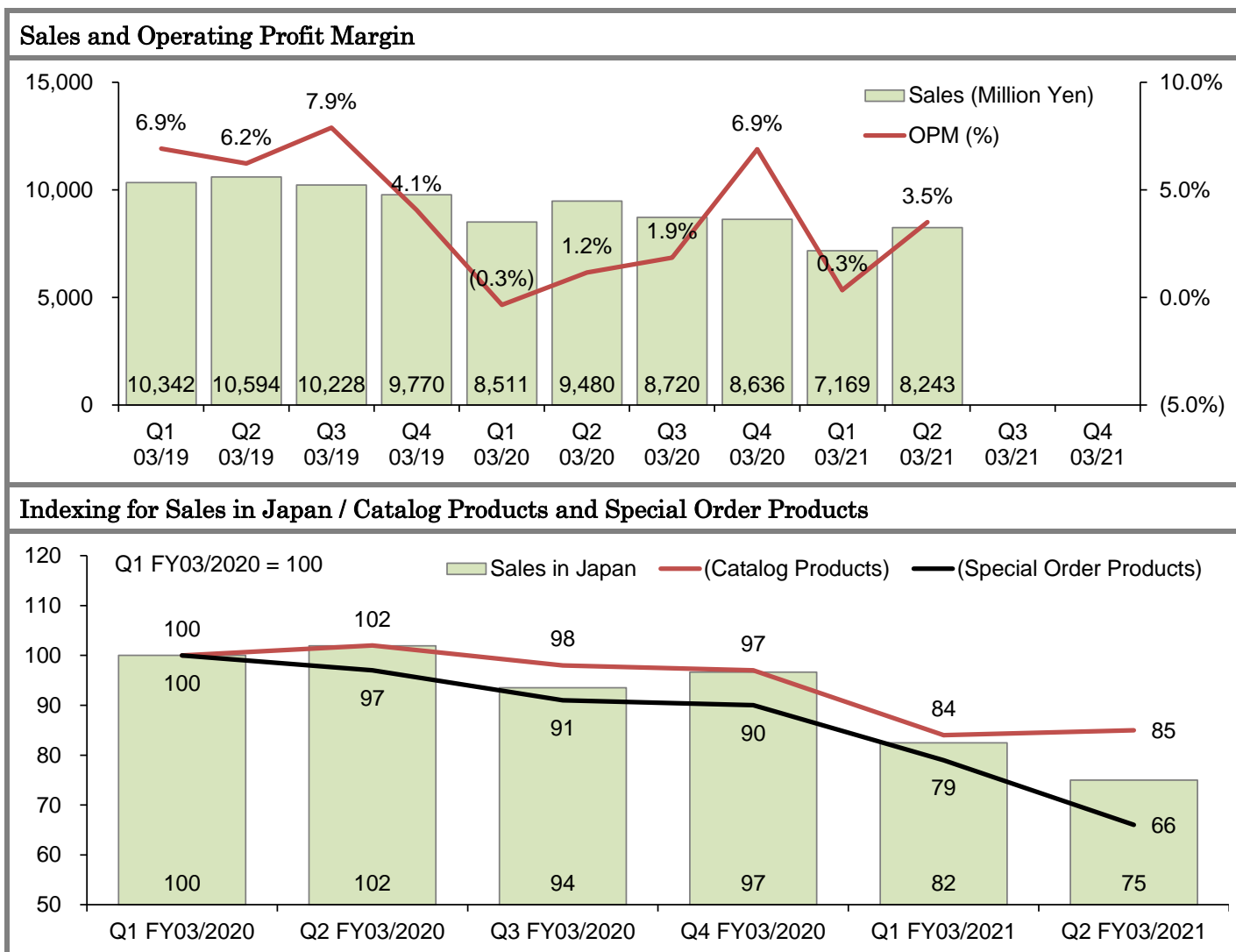
Company Name	PUNCH INDUSTRY CO., LTD. Website IR Information Share Price (Japanese)	
Established	29 March 1975	
Listing	14 March 2014: Tokyo Stock Exchange 1st section (ticker: 6165) 20 December 2012: Tokyo Stock Exchange 2nd section	
Capital	¥2,897m (as of the end of September 2020)	
No. of Shares	22,122,400 shares, including 307,306 treasury shares (as of the end of Sep. 2020)	
Main Features	<ul style="list-style-type: none"> ● By far the largest in China and one of the largest on a global basis ● Collective 15,000 customers (6,000 in Japan, 8,000 in China and 1,000 in other) ● Focus on high-value added strategic products 	
Business Segment	I . Parts of Molds & Dies Business	
Top Management	Representative Director, President and CEO: Tetsuji Morikubo	
Shareholders	MT Kosan 17.44%、Caceis Bank Germany Customer Acc. 11.06% (as of the end of September 2020, but for treasury shares)	
Head Office	Shinagawa-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 4,010, Parent: 976 (as of the end of September 2020)	

Source: Company Data

3.0 Recent Trading and Prospects

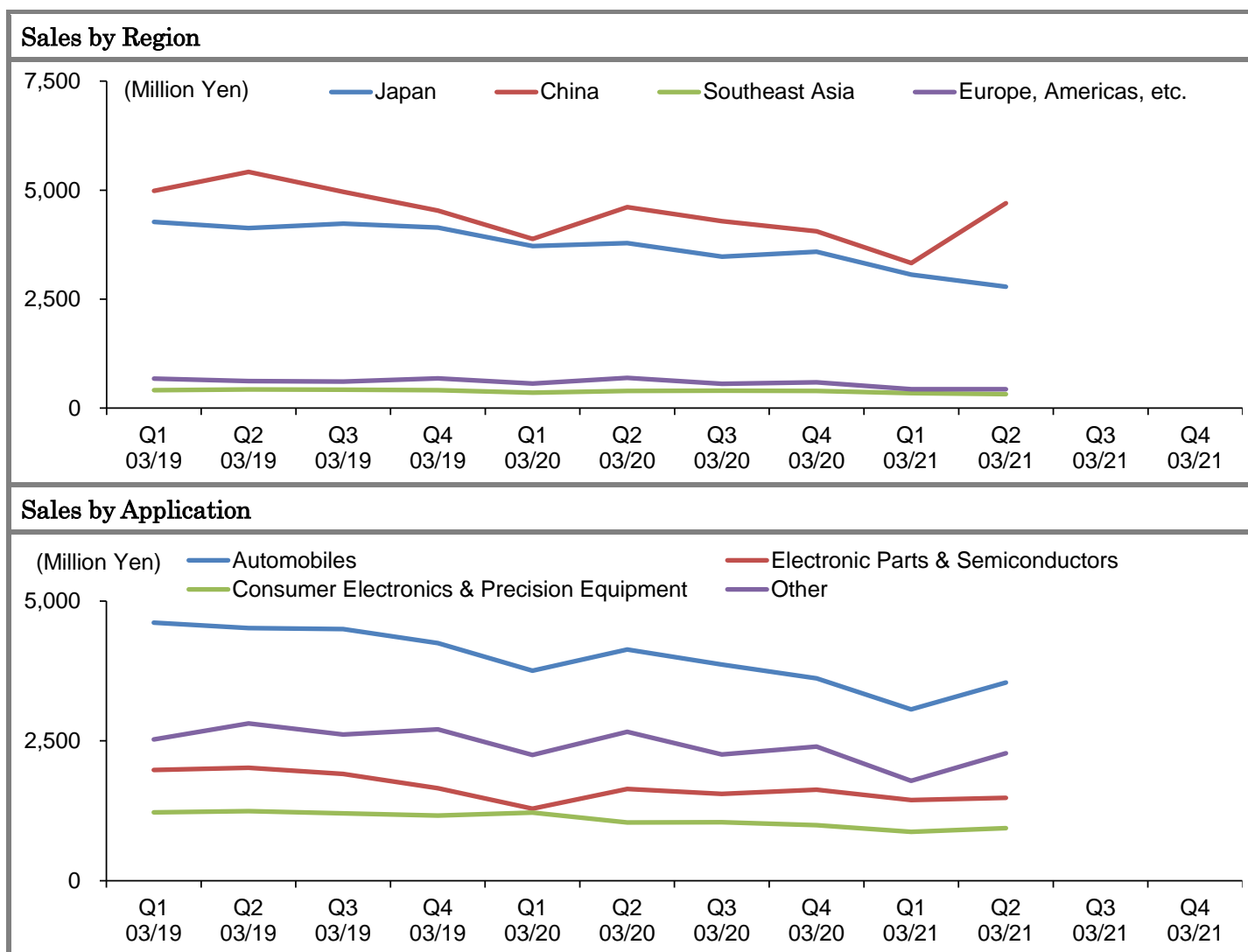
Q1 to Q2 FY03/2021 Results

In Q1 to Q2 FY03/2021, sales came in at ¥15,412m (down 14.3% YoY), operating profit ¥313m (up 290.5%), recurring profit ¥372m (versus ¥2m during the same period of the previous year) and profit attributable to owners of parent minus ¥544m (minus ¥121m), while operating profit margin 2.0% (up 1.6% points). When compared with assumptions of initial Company forecasts (announced on 22 May 2020), sales were worse by ¥418m (2.6%), operating profit worse by ¥17m (5.2%), recurring profit better by ¥72m (24.0%) and profit attributable to owners of parent worse by ¥594m.



Source: Company Data, WRJ Calculation

By region, sales in Japan came in at ¥5,850m (down 22.0%), sales in China ¥8,025m (down 5.5%), sales in Southeast Asia ¥665m (down 10.6%) and sales in Europe, Americas, etc. ¥871m (down 30.7%). With respect to Japan where decreased sales had the most substantial impacts to decreased sales as a whole for the Company, the Company saw sales of ¥3,063m (down 17.6%) in Q1 and ¥2,786m (down 26.4%) in Q2, having suffered from accelerated rate of decline over the same period of the previous year for Q2 over Q1. According to the Company, sales of special order products (custom-made products to be designed and manufactured in response to specifications of each mold & die of each customer) declined sharply in Q2, while sales of catalog products (standard products sold on catalog) were relatively firmer.



Source: Company Data, WRJ Calculation

In both Japan and overseas, the parts for molds & dies manufactured and sold by the Company are delivered to manufacturers of molds & dies and other customers literally as parts for molds & dies, while the manufactures of molds & dies supplied by the Company provide all kinds of manufacturers of final products represented by those of “automobiles” with their molds & dies. Thus, it appears that demand for parts for molds & dies manufactured by the Company depends on production volume and/or development status of new products for diverse final products such as those of “automobiles”. Now, given that the Company is one of the largest manufacturers of parts for molds & dies on a global basis, it appears that demand for the Company's products inevitably hinges on market forces.

In China, where the impacts stemming from COVID-19 have converged at an early stage and local demand is now beginning to show strengths, it appears that the Company is seeing sales in line with initial expectations. In Q1 to Q2, sales have rather declined over the same period of the previous year due to yen's appreciation, but the Company suggests that sales on a local currency basis have been roughly unchanged over the same period of the previous year. Meanwhile, sales on a Japanese currency basis have picked up sharply in Q2 over Q1

In Japan, where the impacts stemming from COVID-19 are prolonged, it has been spotted that the Company starts to suffer from decreased sales due to structural adjustments on top of the impacts from market forces. That is to say, manufacturers of molds & dies, supplied by the Company, which have been taking advantage of outsourcing for the Company with respect to special order products (custom-made products to be designed and manufactured in response to specifications of each mold & die of each customer) are now moving forward with in-house production of all those parts.

For special order products that require high precision, it has remained unchanged that outsourcing for the Company with proprietary knowhow realizes the best cost efficiency for manufacturers of molds & dies supplied by the Company, according to the Company. However, manufacturers of molds & dies to have been seeing continued sluggishness for their own capacity utilization rate due to the prolonged impacts stemming from COVID-19 are now switching to the manufacture using own facilities with respect to special order products from outsourcing for the Company. This switching from the latter to the former has an aspect that it is inefficient to do so in a view of manufacturers of molds & dies, but it appears that the advantage of being able to raise the utilization rate of its own facilities is more important for them, according to the Company.

Given the fact that demand has continued to decline unexpectedly for special order products which are said to carry gross profit margin relatively higher than that of catalog products, the Company has implemented impairment on fixed assets in Japan, having booked impairment loss of collective ¥217m associated with production facilities in Japan, mainly comprising those of Hyogo Factory, which is the production base in western Japan, while having booked impairment loss of ¥471m associated with R&D division, etc. at the same time. Thus, the Company saw impairment loss of ¥689m as a whole.

Initial Company forecasts (announced on 22 May 2020) assumed that the impacts stemming from COVID-19 would gradually converge toward the end of Q2 and that sales as a whole for the Company in H2 would achieve roughly the same level as in the same period of the previous year. In reality, however, the Company saw sales in Q1 to Q2 rather below expectations due mainly to the prolonged impacts stemming from COVID-19 in Japan. Thus, operating profit has also fallen short of, but operating profit margin has improved over the same period of the previous year. In Q1 to Q2, gross profit came in at ¥3,999m (down 9.4%) and SG&A expenses ¥3,685m (down 14.9%), implying gross profit margin of 25.9% (up 1.4% points) and sales to SG&A expenses ratio of 23.9% (down 0.2% points). As a result, operating profit margin came in at 2.0% (up 1.6% points).

In line with decreased sales, gross profit has decreased inevitably, but gross profit margin has improved. According to the Company, it has benefited from reductions in depreciation charges and other expenses as much as corresponding to lowered cost rate stemming from impairment loss of ¥3,314m implemented in FY03/2020. Meanwhile, SG&A expenses have declined significantly, which was another contributor to improved operating profit margin. In addition to successful efforts to reduce costs in response to continued sluggishness in sales, here again the Company has benefited from reductions in depreciation charges stemming from the above-mentioned impairment loss implemented.

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.
(Million Yen)	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021		
Sales	8,511	17,991	26,711	35,348	7,169	15,412	-	-		(2,579)
Cost of Sales	6,363	13,577	20,067	26,161	5,315	11,413	-	-		(2,164)
Gross Profit	2,148	4,413	6,644	9,187	1,853	3,999	-	-		(414)
SG&A Expenses	2,177	4,333	6,402	8,351	1,828	3,685	-	-		(647)
Operating Profit	(29)	80	241	835	24	313	-	-		+232
Non Operating Balance	(60)	(77)	(56)	(122)	(18)	59	-	-		+136
Recurring Profit	(90)	2	184	712	6	372	-	-		+369
Extraordinary Balance	(5)	(6)	(2,121)	(3,332)	(13)	(703)	-	-		(697)
Profit before Income Taxes	(95)	(3)	(1,936)	(2,619)	(7)	(331)	-	-		(327)
Total Income Taxes	30	117	776	866	67	212	-	-		+94
Profit Attributable to Non-Controlling Interests	0	0	0	0	0	1	-	-		+0
Profit Attributable to Owners of Parent	(126)	(121)	(2,713)	(3,485)	(76)	(544)	-	-		(422)
Sales YoY	(17.7%)	(14.1%)	(14.3%)	(13.6%)	(15.8%)	(14.3%)	-	-		-
Operating Profit YoY	-	(94.2%)	(88.9%)	(67.6%)	-	+290.5%	-	-		-
Recurring Profit YoY	-	(99.8%)	(91.4%)	(72.0%)	-	-	-	-		-
Profit Attributable to Owners of Parent YoY	-	-	-	-	-	-	-	-		-
Gross Profit Margin	25.2%	24.5%	24.9%	26.0%	25.9%	25.9%	-	-		+1.4%
Sales to SG&A Expenses Ratio	25.6%	24.1%	24.0%	23.6%	25.5%	23.9%	-	-		(0.2%)
Operating Profit Margin	(0.3%)	0.4%	0.9%	2.4%	0.3%	2.0%	-	-		+1.6%
Recurring Profit Margin	(1.1%)	0.0%	0.7%	2.0%	0.1%	2.4%	-	-		+2.4%
Profit Attributable to Owners of Parent Margin	(1.5%)	(0.7%)	(10.2%)	(9.9%)	(1.1%)	(3.5%)	-	-		(2.9%)
Total Income Taxes/Profit before Income Taxes	-	-	-	-	-	-	-	-		-
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.
(Million Yen)	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021		
Sales	8,511	9,480	8,720	8,636	7,169	8,243	-	-		(1,237)
Cost of Sales	6,363	7,214	6,489	6,093	5,315	6,097	-	-		(1,117)
Gross Profit	2,148	2,265	2,230	2,543	1,853	2,145	-	-		(119)
SG&A Expenses	2,177	2,156	2,068	1,949	1,828	1,857	-	-		(298)
Operating Profit	(29)	109	161	593	24	288	-	-		+178
Non Operating Balance	(60)	(16)	20	(65)	(18)	78	-	-		+94
Recurring Profit	(90)	93	182	527	6	366	-	-		+273
Extraordinary Balance	(5)	(0)	(2,115)	(1,211)	(13)	(690)	-	-		(689)
Profit before Income Taxes	(95)	92	(1,932)	(683)	(7)	(323)	-	-		(415)
Total Income Taxes	30	87	658	89	67	144	-	-		+57
Profit Attributable to Non-Controlling Interests	0	(0)	0	(0)	0	0	-	-		+0
Profit Attributable to Owners of Parent	(126)	5	(2,592)	(772)	(76)	(468)	-	-		(473)
Sales YoY	(17.7%)	(10.5%)	(14.7%)	(11.6%)	(15.8%)	(13.1%)	-	-		-
Operating Profit YoY	-	(83.4%)	(80.0%)	+49.6%	-	+163.1%	-	-		-
Recurring Profit YoY	-	(85.8%)	(77.7%)	+35.9%	-	+293.8%	-	-		-
Profit Attributable to Owners of Parent YoY	-	(99.0%)	-	-	-	-	-	-		-
Gross Profit Margin	25.2%	23.9%	25.6%	29.4%	25.9%	26.0%	-	-		+2.1%
Sales to SG&A Expenses Ratio	25.6%	22.7%	23.7%	22.6%	25.5%	22.5%	-	-		(0.2%)
Operating Profit Margin	(0.3%)	1.2%	1.9%	6.9%	0.3%	3.5%	-	-		+2.3%
Recurring Profit Margin	(1.1%)	1.0%	2.1%	6.1%	0.1%	4.4%	-	-		+3.5%
Profit Attributable to Owners of Parent Margin	(1.5%)	0.1%	(29.7%)	(8.9%)	(1.1%)	(5.7%)	-	-		(5.7%)
Total Income Taxes/Profit before Income Taxes	-	94.5%	-	-	-	-	-	-		-

Source: Company Data, WRJ Calculation

Sales by Region (Cumulative/Quarterly)

Sales by Region (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2020	Q1 to Q2 03/2020	Q1 to Q3 03/2020	Q1 to Q4 03/2020	Q1 03/2021	Q1 to Q2 03/2021	Q1 to Q3 03/2021	Q1 to Q4 03/2021		
Japan	3,715	7,501	10,975	14,565	3,063	5,850	-	-	(1,651)	
China	3,879	8,490	12,777	16,836	3,325	8,025	-	-	(465)	
Southeast Asia	352	744	1,142	1,535	344	665	-	-	(79)	
Europe, Americas, etc.	563	1,255	1,816	2,410	436	871	-	-	(384)	
Sales	8,511	17,991	26,711	35,348	7,169	15,412	-	-	(2,579)	
Japan	(13.0%)	(10.7%)	(13.1%)	(13.2%)	(17.6%)	(22.0%)	-	-	-	
China	(22.1%)	(18.4%)	(16.8%)	(15.4%)	(14.3%)	(5.5%)	-	-	-	
Southeast Asia	(14.7%)	(11.5%)	(9.4%)	(8.1%)	(2.4%)	(10.6%)	-	-	-	
Europe, Americas, etc.	(16.4%)	(3.0%)	(4.7%)	(6.9%)	(22.6%)	(30.7%)	-	-	-	
Sales (YoY)	(17.7%)	(14.1%)	(14.3%)	(13.6%)	(15.8%)	(14.3%)	-	-	-	
Japan	43.6%	41.7%	41.1%	41.2%	42.7%	38.0%	-	-	-	
China	45.6%	47.2%	47.8%	47.6%	46.4%	52.1%	-	-	-	
Southeast Asia	4.1%	4.1%	4.3%	4.3%	4.8%	4.3%	-	-	-	
Europe, Americas, etc.	6.6%	7.0%	6.8%	6.8%	6.1%	5.7%	-	-	-	
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	

Sales by Region (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2020	Q2 03/2020	Q3 03/2020	Q4 03/2020	Q1 03/2021	Q2 03/2021	Q3 03/2021	Q4 03/2021		
Japan	3,715	3,786	3,474	3,590	3,063	2,786	-	-	(1,000)	
China	3,879	4,610	4,287	4,059	3,325	4,700	-	-	+90	
Southeast Asia	352	391	397	393	344	321	-	-	(70)	
Europe, Americas, etc.	563	692	560	594	436	434	-	-	(258)	
Sales	8,511	9,480	8,720	8,636	7,169	8,243	-	-	(1,237)	
Japan	(13.0%)	(8.3%)	(17.9%)	(13.3%)	(17.6%)	(26.4%)	-	-	-	
China	(22.1%)	(14.9%)	(13.6%)	(10.5%)	(14.3%)	+2.0%	-	-	-	
Southeast Asia	(14.7%)	(8.2%)	(5.5%)	(3.9%)	(2.4%)	(17.9%)	-	-	-	
Europe, Americas, etc.	(16.4%)	+11.4%	(8.2%)	(13.0%)	(22.6%)	(37.3%)	-	-	-	
Sales (YoY)	(17.7%)	(10.5%)	(14.7%)	(11.6%)	(15.8%)	(13.1%)	-	-	-	
Japan	43.6%	39.9%	39.8%	41.6%	42.7%	33.8%	-	-	-	
China	45.6%	48.6%	49.2%	47.0%	46.4%	57.0%	-	-	-	
Southeast Asia	4.1%	4.1%	4.6%	4.6%	4.8%	3.9%	-	-	-	
Europe, Americas, etc.	6.6%	7.3%	6.4%	6.9%	6.1%	5.3%	-	-	-	
Sales (Composition Ratio)	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	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.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021		
Automobiles	3,755	7,888	11,753	15,370	3,065	6,610	-	-		(1,278)
Electronic Parts & Semiconductors	1,290	2,932	4,485	6,113	1,444	2,924	-	-		(8)
Consumer Electronics & Precision Equipment	1,217	2,259	3,304	4,298	874	1,814	-	-		(445)
Other	2,248	4,911	7,169	9,566	1,785	4,063	-	-		(848)
Sales	8,511	17,991	26,711	35,348	7,169	15,412	-	-		(2,579)
Automobiles	(18.6%)	(13.6%)	(13.8%)	(14.0%)	(18.4%)	(16.2%)	-	-		-
Electronic Parts & Semiconductors	(34.8%)	(26.6%)	(24.1%)	(19.1%)	+11.9%	(0.3%)	-	-		-
Consumer Electronics & Precision Equipment	(0.6%)	(8.5%)	(10.1%)	(11.1%)	(28.2%)	(19.7%)	-	-		-
Other	(11.0%)	(8.0%)	(9.9%)	(10.3%)	(20.6%)	(17.3%)	-	-		-
Sales (YoY)	(17.7%)	(14.1%)	(14.3%)	(13.6%)	(15.8%)	(14.3%)	-	-		-
Automobiles	44.1%	43.8%	44.0%	43.5%	42.8%	42.9%	-	-		-
Electronic Parts & Semiconductors	15.2%	16.3%	16.8%	17.3%	20.1%	19.0%	-	-		-
Consumer Electronics & Precision Equipment	14.3%	12.6%	12.4%	12.2%	12.2%	11.8%	-	-		-
Other	26.4%	27.3%	26.8%	27.1%	24.9%	26.4%	-	-		-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-		-
Sales by Application	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.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021		
Automobiles	3,755	4,132	3,864	3,617	3,065	3,544	-	-		(588)
Electronic Parts & Semiconductors	1,290	1,642	1,552	1,627	1,444	1,480	-	-		(162)
Consumer Electronics & Precision Equipment	1,217	1,042	1,045	994	874	939	-	-		(103)
Other	2,248	2,662	2,257	2,397	1,785	2,277	-	-		(385)
Sales	8,511	9,480	8,720	8,636	7,169	8,243	-	-		(1,237)
Automobiles	(18.6%)	(8.5%)	(14.1%)	(14.8%)	(18.4%)	(14.2%)	-	-		-
Electronic Parts & Semiconductors	(34.8%)	(18.6%)	(18.7%)	(1.5%)	+11.9%	(9.9%)	-	-		-
Consumer Electronics & Precision Equipment	(0.6%)	(16.4%)	(13.2%)	(14.5%)	(28.2%)	(9.9%)	-	-		-
Other	(11.0%)	(5.3%)	(13.7%)	(11.4%)	(20.6%)	(14.5%)	-	-		-
Sales (YoY)	(17.7%)	(10.5%)	(14.7%)	(11.6%)	(15.8%)	(13.1%)	-	-		-
Automobiles	44.1%	43.6%	44.3%	41.9%	42.8%	43.0%	-	-		-
Electronic Parts & Semiconductors	15.2%	17.3%	17.8%	18.8%	20.1%	18.0%	-	-		-
Consumer Electronics & Precision Equipment	14.3%	11.0%	12.0%	11.5%	12.2%	11.4%	-	-		-
Other	26.4%	28.1%	25.9%	27.8%	24.9%	27.6%	-	-		-
Sales (Composition Ratio)	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	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	
Cash and Deposit	2,704	2,310	3,327	3,389	3,702	3,796	-	-	-	+1,485
Accounts Receivables	10,104	10,065	9,713	9,942	8,682	9,053	-	-	-	(1,012)
Inventory	4,892	4,383	4,262	4,229	4,024	3,833	-	-	-	(550)
Other	268	308	403	230	223	267	-	-	-	(40)
Current Assets	17,969	17,068	17,707	17,792	16,632	16,950	-	-	-	(118)
Tangible Assets	10,105	9,910	7,819	7,134	6,846	6,090	-	-	-	(3,820)
Intangible Assets	955	869	791	344	326	183	-	-	-	(685)
Investments and Other Assets	763	774	226	304	292	264	-	-	-	(510)
Fixed Assets	11,824	11,554	8,837	7,784	7,465	6,538	-	-	-	(5,015)
Total Assets	29,793	28,622	26,545	25,576	24,098	23,488	-	-	-	(5,133)
Accounts Payables, etc.	3,692	3,837	3,837	3,660	3,059	3,227	-	-	-	(609)
Short Term Debt	3,844	3,235	3,304	3,148	3,422	3,146	-	-	-	(88)
Other	2,734	2,782	2,563	2,471	1,995	2,171	-	-	-	(611)
Current Liabilities	10,271	9,855	9,705	9,280	8,477	8,545	-	-	-	(1,309)
Long Term Debt	2,187	2,064	3,132	2,927	2,739	2,582	-	-	-	+517
Other	1,588	1,579	1,616	1,621	1,593	1,571	-	-	-	(8)
Fixed Liabilities	3,775	3,644	4,749	4,548	4,332	4,154	-	-	-	+509
Total Liabilities	14,046	13,499	14,454	13,829	12,810	12,699	-	-	-	(800)
Shareholders' Equity	15,232	15,275	12,683	11,913	11,794	11,330	-	-	-	(3,944)
Other	514	(153)	(592)	(166)	(506)	(541)	-	-	-	(388)
Net Assets	15,747	15,122	12,090	11,747	11,287	10,788	-	-	-	(4,333)
Total Liabilities and Net Assets	29,793	28,622	26,545	25,576	24,098	23,488	-	-	-	(5,133)
Equity Capital	15,692	15,079	12,045	11,703	11,243	10,748	-	-	-	(4,331)
Interest Bearing Debt	6,031	5,300	6,437	6,075	6,161	5,729	-	-	-	+429
Net Debt	3,327	2,989	3,109	2,686	2,459	1,933	-	-	-	(1,056)
Equity Ratio	52.7%	52.7%	45.4%	45.8%	46.7%	45.8%	-	-	-	-
Net Debt Equity Ratio	21.2%	19.8%	25.8%	23.0%	21.9%	18.0%	-	-	-	-
ROE (12 months)	2.0%	(1.1%)	(23.3%)	(25.5%)	(25.5%)	(30.3%)	-	-	-	-
ROA (12 months)	5.7%	4.0%	1.9%	2.5%	3.0%	4.2%	-	-	-	-
Days for Inventory Turnover	70	55	60	63	69	57	-	-	-	-
Quick Ratio	125%	126%	134%	144%	146%	150%	-	-	-	-
Current Ratio	175%	173%	182%	192%	196%	198%	-	-	-	-

Source: Company Data, WRJ Calculation

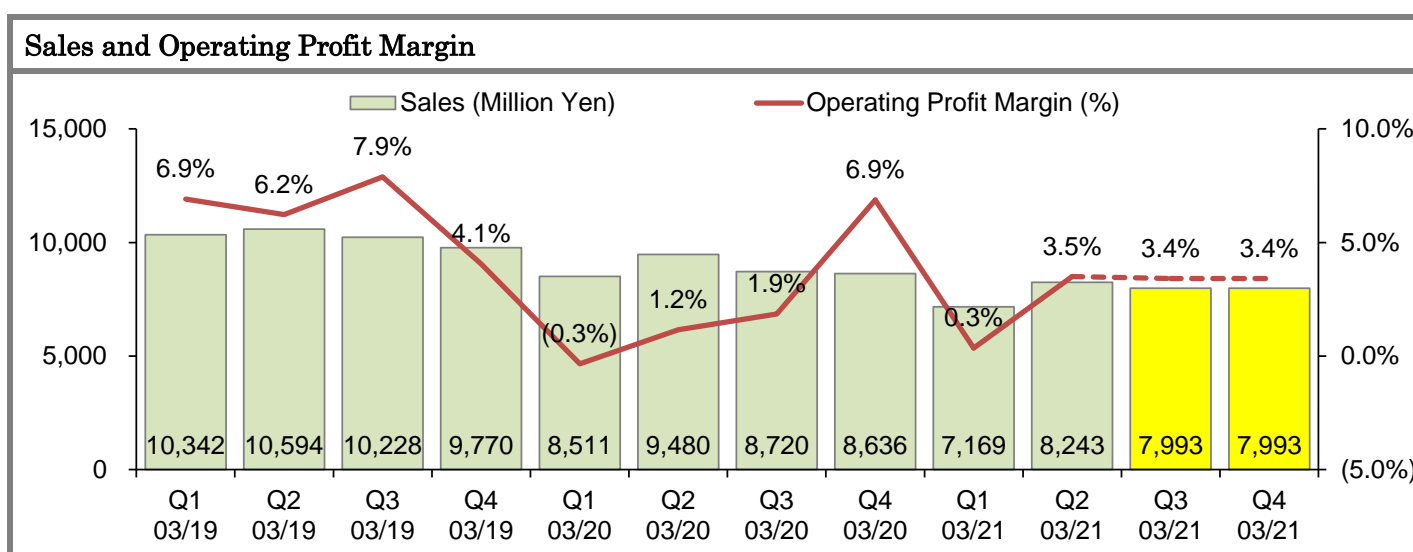
Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	
Operating Cash Flow	-	1,009	-	2,490	-	1,215	-	-	-	+206
Investing Cash Flow	-	(730)	-	(1,788)	-	(437)	-	-	-	+293
Operating Cash Flow and Investing Cash Flow	-	278	-	701	-	778	-	-	-	+499
Financing Cash Flow	-	(1,381)	-	(772)	-	(363)	-	-	-	+1,018

Source: Company Data, WRJ Calculation

FY03/2021 Company Forecasts

FY03/2021 Company forecasts (announced on 11 November 2020) are going for prospective sales of ¥31,400m (down 11.2% YoY), operating profit of ¥860m (up 2.9%), recurring profit of ¥850m (up 19.2%) and profit attributable to owners of parent of minus ¥380m (versus minus ¥3,485m in the previous year), while operating profit margin of 2.7% (up 0.4% points). This is after downward revision from initial Company forecasts (announced on 22 May 2020) by ¥1,700m (5.1%) for sales, by ¥340m (28.3%) for operating profit, by ¥250m (22.7%) for recurring profit and by ¥1,000m for profit attributable to owners of parent. Meanwhile, initial Company forecasts were going for prospective year-end dividend of ¥2.00 for FY03/2021, but now nothing because of giving priority to efforts to improve the financial position and the Company sincerely regrets suspending payment of dividend.



Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2021: H2 Company forecasts, pro rata)

Compared with assumptions of initial Company forecasts, the Company saw rather limited shortages for sales and earnings with the actual results in Q1 to Q2, but Company forecasts for H2 have been revised down by more than a certain extent. Initial Company forecasts assumed that the impacts stemming from COVID-19 would gradually converge toward the end of Q2 and that sales as a whole for the Company in H2 would achieve roughly the same level as in the same period of the previous year. However, in light of the situation that the impacts stemming from COVID-19 are prolonged, Company forecasts are now going for prospective sales of ¥15,987m (down 7.9% YoY) in H2 as well as operating profit of ¥546m (down 27.6%) and operating profit margin of 3.4% (down 1.0%).

On the other hand, the Company suggests that it currently plans to implement capital investment of ¥800m for FY03/2021 as assumed in initial Company forecasts. In Q2, the Company did see impairment loss of ¥689m associated with fixed assets in Japan where demand was coming down sharply. Still, the Company has already seen a trend of demand recovery in China and thus will implement capital investment, as initially planned, in order to maintain efficient utilization of local production facilities, which accounts for the bulk of capital investment of ¥800m, according to the Company. With regard to depreciation charges, the Company is currently going for ¥1,004m for FY03/2021, which is after downward revision by ¥103m when compared with assumptions of initial Company forecasts, corresponding to the decrease of depreciation charges due to the above-mentioned impairment.

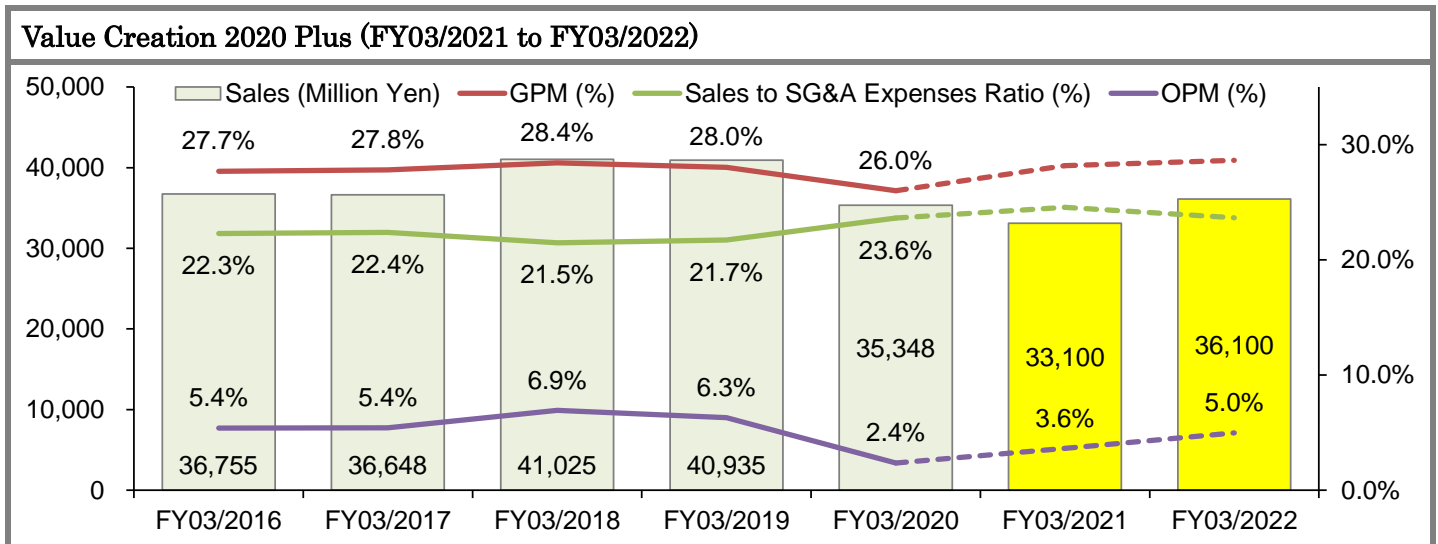
FY03/2021 Company Forecasts and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2021CoE	22-May-20	Q4 Results	33,100	1,200	1,100	620
FY03/2021CoE	7-Aug-20	Q1 Results	33,100	1,200	1,100	620
FY03/2021CoE	11-Nov-20	Q2 Results	31,400	860	850	(380)
		Amount of Gap	(1,700)	(340)	(250)	(1,000)
		Rate of Gap	(5.1%)	(28.3%)	(22.7%)	-
FY03/2021CoE	22-May-20	Q4 Results	33,100	1,200	1,100	620
FY03/2021CoE	11-Nov-20	Q2 Results	31,400	860	850	(380)
		Amount of Gap	(1,700)	(340)	(250)	(1,000)
		Rate of Gap	(5.1%)	(28.3%)	(22.7%)	-
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2021CoE	22-May-20	Q4 Results	15,830	330	300	50
Q1 to Q2 FY03/2021CoE	7-Aug-20	Q1 Results	15,830	330	300	50
Q1 to Q2 FY03/2021Act	11-Nov-20	Q2 Results	15,412	313	372	(544)
		Amount of Gap	(418)	(17)	72	(594)
		Rate of Gap	(2.6%)	(5.2%)	24.0%	-
Q1 to Q2 FY03/2021CoE	22-May-20	Q4 Results	15,830	330	300	50
Q1 to Q2 FY03/2021Act	11-Nov-20	Q2 Results	15,412	313	372	(544)
		Amount of Gap	(418)	(17)	72	(594)
		Rate of Gap	(2.6%)	(5.2%)	24.0%	-
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2021CoE	22-May-20	Q4 Results	17,270	870	800	570
Q3 to Q4 FY03/2021CoE	7-Aug-20	Q1 Results	17,270	870	800	570
Q3 to Q4 FY03/2021CoE	11-Nov-20	Q2 Results	15,988	547	478	164
		Amount of Gap	(1,282)	(323)	(322)	(406)
		Rate of Gap	(7.4%)	(37.1%)	(40.3%)	(71.2%)
Q3 to Q4 FY03/2021CoE	22-May-20	Q4 Results	17,270	870	800	570
Q3 to Q4 FY03/2021CoE	11-Nov-20	Q2 Results	15,988	547	478	164
		Amount of Gap	(1,282)	(323)	(322)	(406)
		Rate of Gap	(7.4%)	(37.1%)	(40.3%)	(71.2%)

Source: Company Data, WRJ Calculation

Long-Term Prospects

On 29 May 2020, the Company has announced its midterm management plan Value Creation 2020 Plus (FY03/2021 to FY03/2022). The Company was going for prospective sales of ¥36,100m, operating profit of ¥1,800m and profit attributable to owners of parent of ¥1,130m as the performance targets for FY03/2022, while operating profit margin of 5.0% and ROE of 9.0%. When compared with FY03/2021 initial Company forecasts going for prospective sales of ¥33,100m (down 6.4% YoY), operating profit of ¥1,200m (up 43.6%), operating profit margin of 3.6% (up 1.3% points) and ROE of 5.0%, sales were to increase by 9.1%, operating profit by 50.0%, operating profit margin by 1.4% points and ROE by 4.0% points. Meanwhile, profit attributable to owners of parent of ¥1,130m was up 82.3% over the prospective level in FY03/2021. Meanwhile, it has been the case that that the impacts stemming from COVID-19 have prolonged compared with initial expectations and thus it has become clear that demand will fall short of initial expectations. Consequently, FY03/2021 Company forecasts have been revised down as mentioned earlier and it has become difficult to achieve the performance targets for FY03/2022.

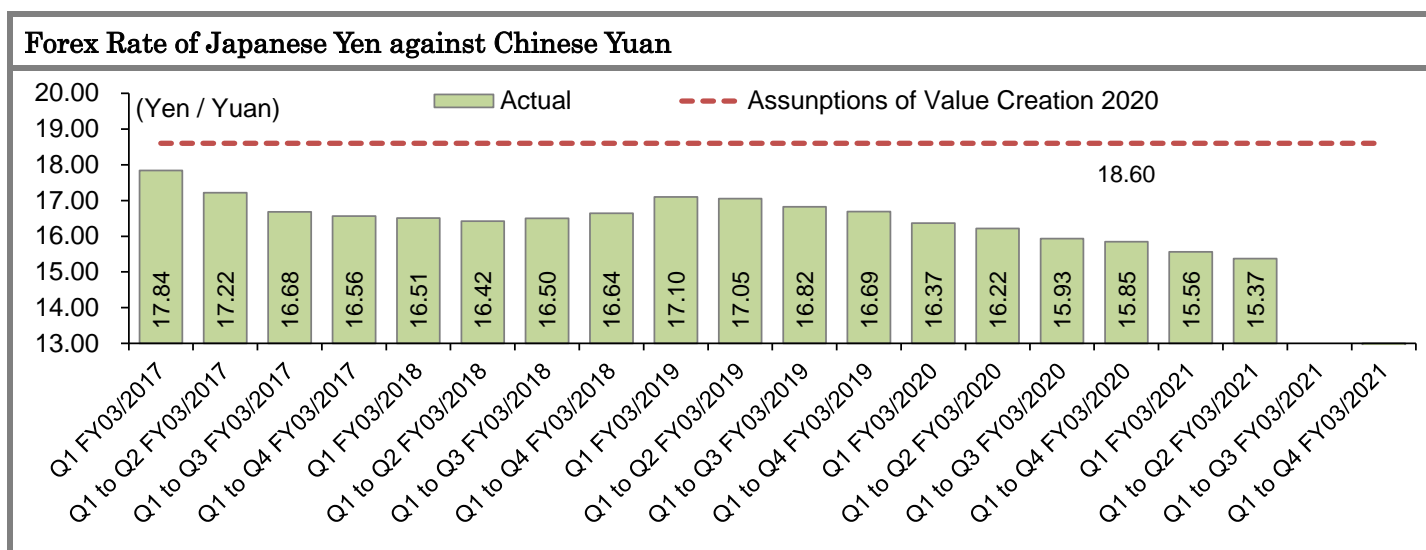


Source: Company Data, WRJ Calculation

The guidelines for Value Creation 2020 Plus included a) returning to profitability at profit attributable to owners of parent, b) returning to topline growth and c) preparing for the next midterm management plan. Having announced this plan, the Company was going for formulation of a new midterm management plan with FY03/2023 as the first year, while the period through FY03/2021 and FY03/2022 covered by Value Creation 2020 Plus was positioned as that of a transition for the new plan.

How the Company formulated its midterm management plan Value Creation 2020 Plus was that it had continued suffering from prolonged and increasingly serious U.S.-China trade friction, followed by expanded impacts stemming from COVID-19, having had resulted in a situation for the Company's performance to be inevitably affected by the damages by all those factors for economy in Japan and overseas. When the Company formulated this midterm management plan, there were some signs of a recovery for economy, but there were concerns about the emergence of the second wave at the same time. Therefore, the Company did not know at all how large the impacts stemming from COVID-19 would be into the future and how long it would continue and the outlook for the future was just uncertain. Nevertheless, it was assumed that the impacts stemming from COVID-19 would gradually converge toward the end of Q2 FY03/2021 as a trend of bigger picture, which has proven too optimistic to date.

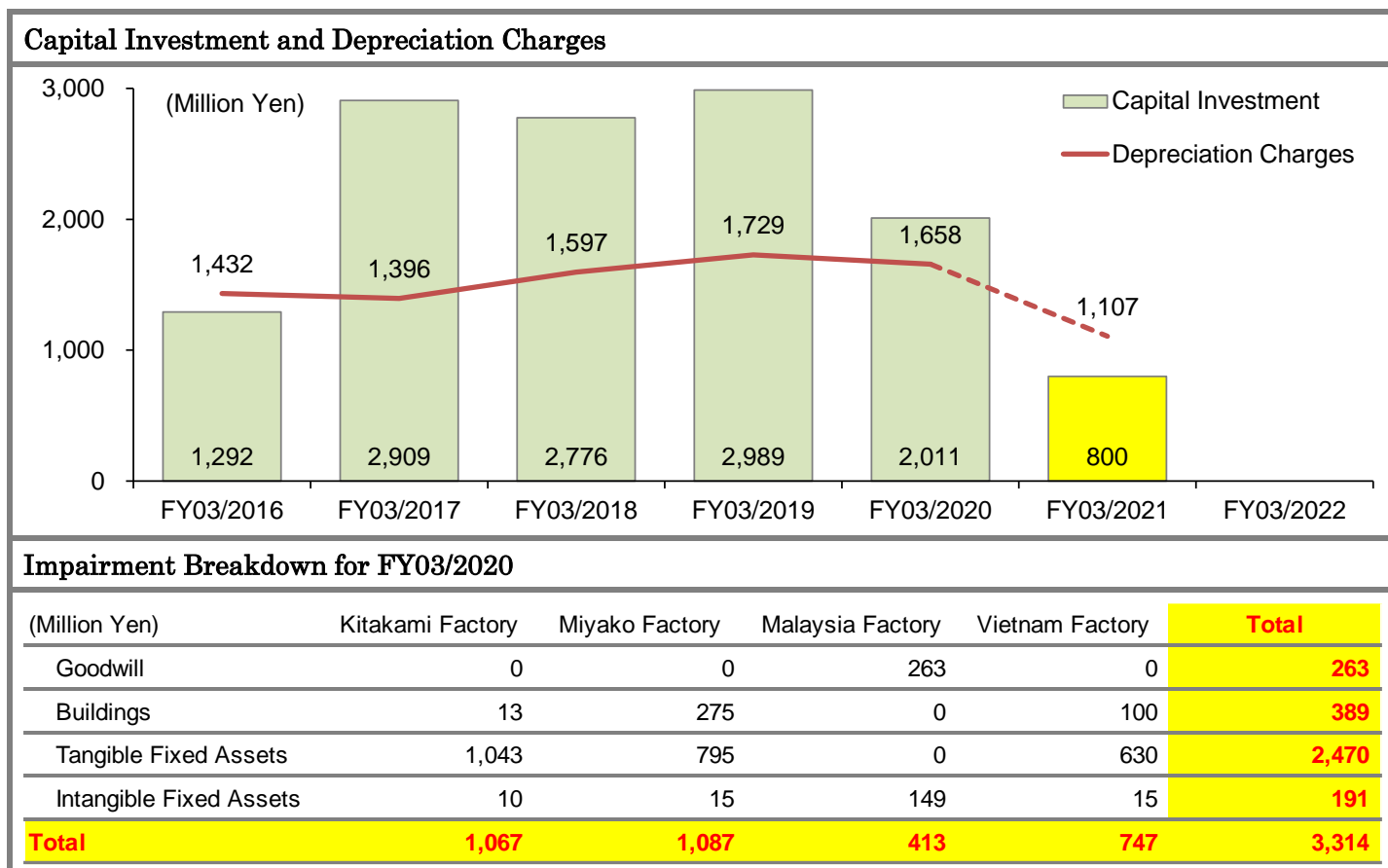
On 11 March 2016, the Company announced its midterm management plan Value Creation 2020 (FY03/2017 to FY03/2021), having had been calling for prospective sales of ¥47,000m, operating profit of ¥3,300m, operating margin of 7.0% and profit attributable to owners of parent of ¥2,300m for FY03/2021 or the last year of the plan. Meanwhile, FY03/2021 initial Company forecasts were going for performance much lower, i.e., by ¥13,900m (29.6%) for sales and by ¥2,100m (63.6%) for operating profit. One of the factors for this downturn at this stage was significant progress made in appreciation of yen against yuan.



Source: Company Data, WRJ Calculation

Value Creation 2020 assumed ¥18.60 per yuan, while FY03/2021 initial Company forecasts assumed ¥15.00 per yuan, implying that yen was higher than initially expected by almost 20%. When converting sales and earnings of subsidiaries in China into yen, the Company was unable to avoid reductions to this extent. Given sales in China accounting for almost half of sales as a whole for the Company, the yen's appreciation must have had been a major negative factor for performance as a whole for the Company.

Yen's appreciation against yuan started from the beginning, but the Company used to see performance better than assumptions here in the first year, i.e., FY03/2017 as well as in FY03/2018. This should be attributable to steady progress made as a general trend in the measures identified as the priority business challenges, comprising "establishing 5-pole sales system", "promoting highly profitable business and strengthening R&D", "improving customer services" and "implementing work style reform". Then, demand has started to come down since H2 of FY03/2019, while capital investment had continued at high levels for a while, having had resulted in significant impairment loss for FY03/2020.



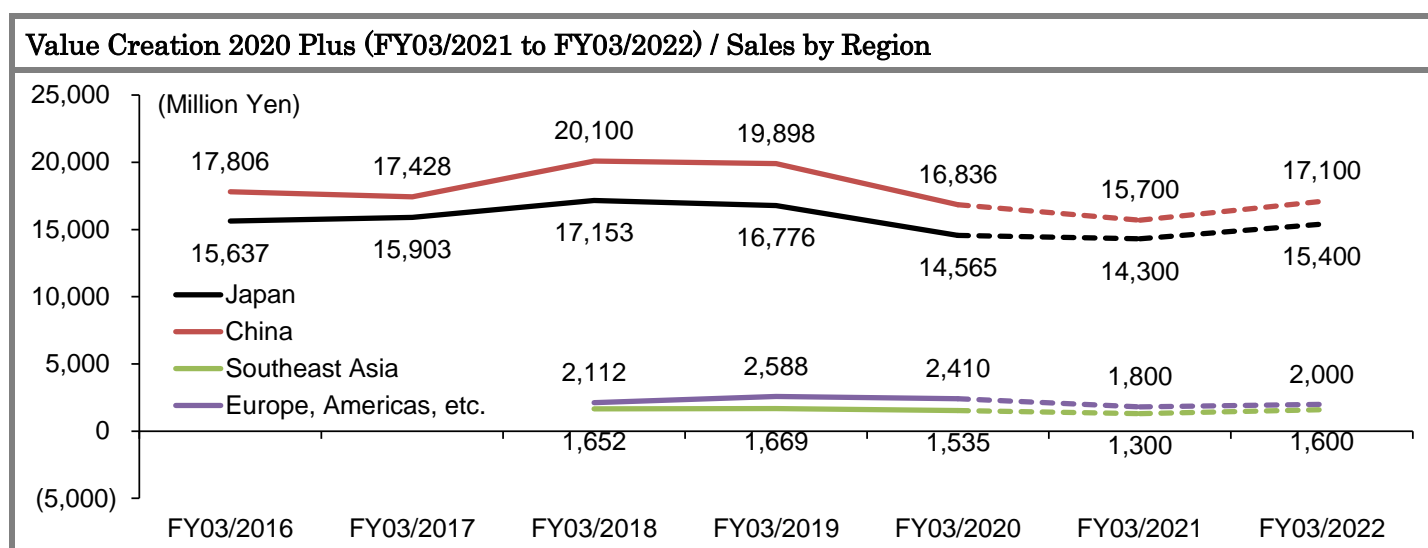
Source: Company Data, WRJ Calculation (capital investment and depreciation charges for FY03/2021: assumptions of initial Company forecasts)

Over the initial four years (FY03/2017 to FY03/2020) in the period of Value Creation 2020, the Company saw collective capital investment of ¥10,685m and collective depreciation charges of ¥6,380m. Meanwhile, the Company saw total impairment loss of ¥3,314m on Kitakami Factory, Miyako Factory, Malaysia Factory and Vietnam Factory for FY03/2020. As for Vietnam Factory, the Company saw impairment loss of ¥848m for FY03/2019 due to a delay in improving productivity and other factors, having had resulted in impairment loss booked for the second consecutive year in FY03/2020. Then, as mentioned earlier, the Company booked additional impairment loss of ¥689m on fixed assets in Japan for Q2 FY03/2021 due to a further decline in demand.

In response to the prolonged impacts stemming from COVID-19, the Company is currently considering measures for drastic business innovations, suggesting that it is working to cut back on costs and re-engineer sales strategy in order to build a robust management structure that will not lose out to changes in the external environment. Rather than balanced contraction due to short-term cuts in fixed costs and other factors, the Company says that it will create a mechanism in which all of the personnel work as one and continue to generate earnings in a sustainable manner under the direction of representative director Tetsuji Morikubo for the sake of corporate value enhancement from a long-term perspective. In particular, it appears that the Company focuses on efforts to re-engineer sales strategy, implying that it looks into creation of customer needs through an offensive stance. More importantly, when the details are fixed, the Company is to announce the contents of all those measures, while the Company was going for the measures of its midterm management plan Value Creation 2020 Plus (FY03/2021 to FY03/2022), announced on 29 May 2020, as priority business challenges as follows:

Priority Business Challenges for Value Creation 2020 Plus (for reference sake)

Value Creation 2020 Plus is formulated and announced for the purpose of responding to major changes in the external environment and pursue recovery of aggravated earnings. Here, it is revealed that the Company will continue the priority business challenges set forth in Value Creation 2020 in a deeper manner.



Source: Company Data, WRJ Calculation

With respect to "establishing 5-pole sales system", while the name as a priority business challenge has been taken over, it is reiterated that the Company will focus on expanding its sales channels for Southeast Asia and Europe & Americas. For both of the former and the latter, sales are expected to come down for FY03/2021 due to the impacts stemming from COVID-19, but to see a turnaround to the trend of picking up for FY03/2022. As in the case of FY03/2020, meanwhile, collective sales in China and Japan accounted for 88.8% (47.6% in China and 41.2% in Japan) of sales as a whole for the Company, suggesting that sales are concentrated in a) China and b) Japan, where production facilities are concentrated, while there remains a large room to increase own penetrations in c) Southeast Asia, d) Europe and e) Americas. Thus, a) to e) are the 5 poles of "5-pole sales system".

In Southeast Asia, the Company plans to expand sales through local vendors in Malaysia, Singapore, Vietnam and Indonesia, with a particular focus on sales promotions in Vietnam and Indonesia. In Europe, the Company intends to use its strong relations with existing sales agents, increasing opportunities to go along with them for local marketing on a business trip basis and beefing up the sales system. However, the Company suggests that the market share in Europe is currently declining. Given the impacts stemming from U.S.-China trade friction, Chinese trades have been working hard to expand sales in Europe through large-scale discounts, according to the Company. Meanwhile, the Company has maintained a strategy of keeping a certain distance from price-oriented competition. In Americas, the Company is to place ads on the web for local users and to actively participate in exhibitions so that the issue of improvement for own name recognition, raised as the priority strategy for sales promotions in developed countries, will be achievable. Still, in light of situations that there is a possibility for U.S.-China trade friction to be reheated, that the flights on aircraft continue declining, etc., the Company is concerned that sales promotions in Europe and Americas may become difficult, given no local production facilities at all.

Priority Business Challenges and Measures by Region					
	Japan	China	Southeast Asia, India	Europe	Americas
Establishment 5-pole sales system			Strengthen regional strategy	Establish Sales Structure	Expand customer base
Strengthen Marketing Capabilities	Expand business with multi-national companies				
	Product development based on customer needs Improvement of ordering system	Partnerships with customers in new fields			
Optimize Global Production System and Strengthen R&D	Optimization of global production systems for standard and special-order products <ul style="list-style-type: none"> Promote labor-saving and automated production in Japan and China Strengthen transactions in medical and beverage fields Increase stabilization and profitability of Vietnam factory operations 				
	<ul style="list-style-type: none"> Development of new fields and markets Looking into Business tie-ups and M&As with other companies Improvement of processing technology for difficult-to-process materials Continue development in the aerospace field 				
Work style Reforms HR Development	Promotion of active roles of women and work-life balance Development of human resources who can be active overseas				

Source: Company Data

With respect to "improving customer services", while the name as a priority business challenge has been changed to "strengthening marketing capabilities (prioritizing views from customers)", this is now the key issue out of all the priority business challenges, although this basically relates to operations in Japan. Here, the Company promotes reallocation of personnel and cultivate lots of human resources with abundant processing knowledge and makes them be in charge of enhancing sales. At the beginning of FY03/2020, the Company has increased the number of sales representatives by some 10% due to the reallocation. For the sake of order to be placed for so-called special order products that the Company is focusing on, sales representatives in charge must have high understanding on drawings as well as knowledge and knowhows to propose the optimal way of processing. In light of this, the Company intends to cultivate human resources belonging to the manufacturing division, who possess such knowledge and knowhows as sales representatives and to make them promote sales expansion.

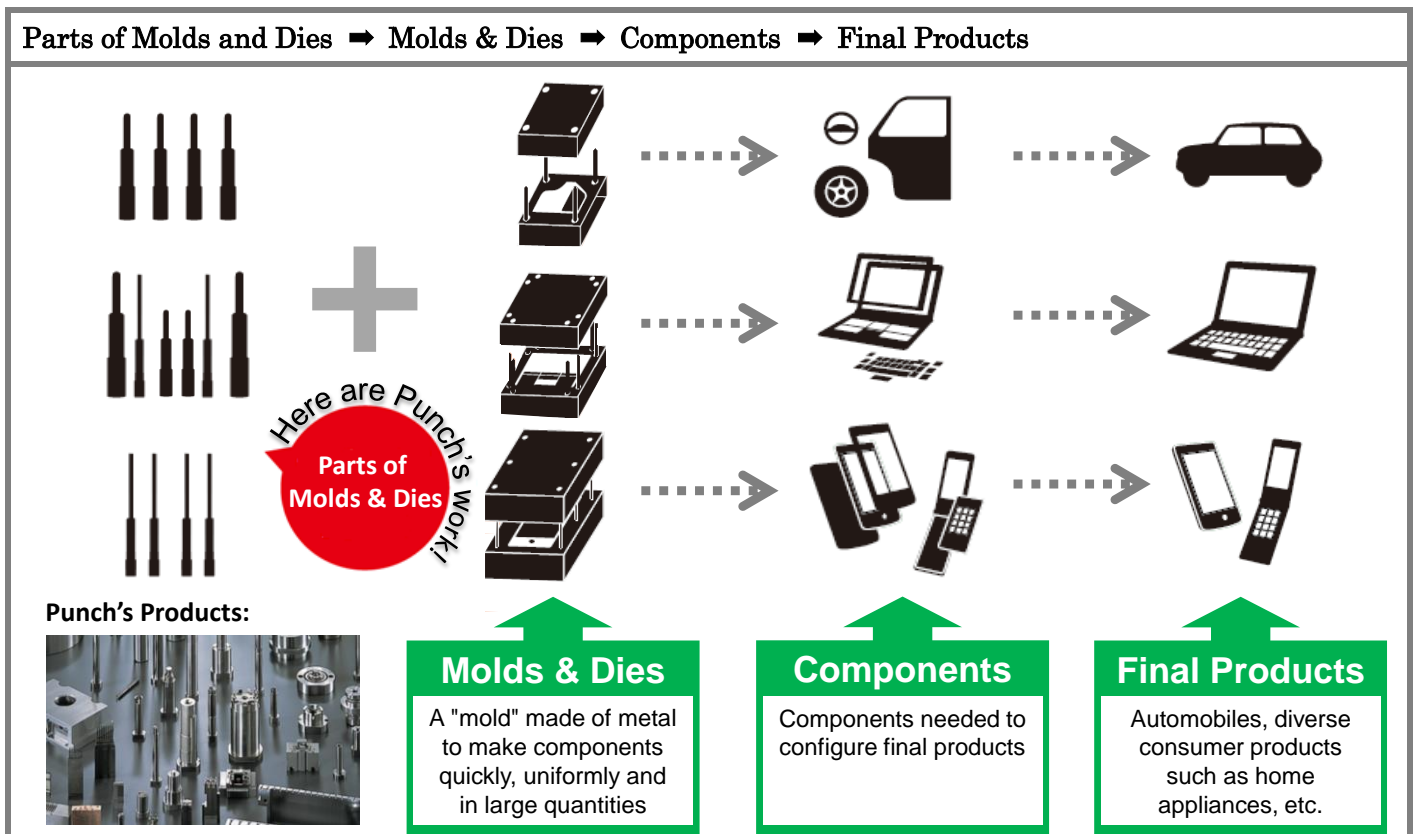
With respect to "promoting highly profitable business and strengthening R&D", while the name as a priority business challenge has been changed to "optimizing global production system and strengthening R&D", the Company has come to recognize new issues related to "optimizing production system". Given the significant impairment in FY03/2020, the Company says it will keep capital investment to the minimal levels in the near future. While adopting stricter criteria for recovery of capital investment, the Company plans to aggressively invest in facilities to develop new technologies and pursue an optimal balance between the two. As for the latter, the Company intends to establish manufacturing system that takes advantage of the specific features of each factory, reduces man-hours through R&D and creates new processing methods. Meanwhile, the Company spots that the key issue to be settled as soon as possible is to see a turnaround for surplus with respect to Vietnam Factory which suffered from impairment two years in a row.

With respect to "implementing work style reform", while the name as a priority business challenge has been changed to "work style reform and HR development", the Company intends to enlarge exposure to female executives (promoting active roles of females) by design. In terms of promoting work-life balance, the Company is considering to permanently adopt teleworking as one of the new work styles. When an emergency declaration was issued to deal with the impacts stemming from COVID-19, the Company introduced teleworking and recognized several issues in the operations, while the Company says that it is currently trying to solve all those problems in the near future. In terms of developing global human resources, the Company reveals that it has introduced an overseas training scheme for Japanese employees for 6 months.

4.0 Business Model

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 high precision parts to configure molds & dies and thus are indispensable for them. Meanwhile, molds & dies are a “mold” 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 & dies, resulting in high variety also for parts of molds & dies at the end of the day.



Source: Company Data

Parts of Molds & Dies

Parts of molds & dies manufactured by the Company are used for molds and dies. In our rough estimates, parts of molds account for 40% of sales as a whole for the Company and parts of dies for the remaining 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. Thus, the composition ratio is switched over in terms of gross profit, i.e., 60% for parts of molds and 40% for parts of dies.

Parts of Molds

Ejector Pins



Sprue Bushes, Locating Rings



Source: Company Data

Molds are adopted in the manufacture of diverse components made of plastic resins such as external body frames of smartphones and digital cameras. Specifically, being mounted in injection molding machines, molds are used to cool down plastic resins heated and melted for molding plastic resins as designed. Here, the Company is involved with parts to separate molded components from molds and get them protruded (ejector pins), parts to pour melted plastic resins into molds from injection nozzles of injection molding machines (sprue bushes), parts ring-shaped to convexly bulge out from molds to be used for fixing positionings between molds and molding machines (locating rings), etc.

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Parts of Dies

Punches



Die-Set Guides



Source: Company Data

Meanwhile, dies are adopted in the mass-production of components for automobiles, home appliances, precision equipment, etc. Specifically, being mounted in pressing machines, dies are in charge of pressing of metal steel sheets. Here, the Company is involved with parts used for punching metal steel sheets to be pressed and/or for transferring shapes (punches), parts to hold motions of pressing machines going up and down (die-set guides), etc.

Catalog Products and Special Order Products

The Company manufactures and sells catalog products (standard products sold on catalog) and special order products (custom-made products to be designed and manufactured in response to specifications of each mold & die of each customer). In our rough estimates, catalog products account for 45% of sales as a whole for the Company and special order products for the remaining 55%. Until recently, the Company was more involved with special order products, but sales of special order products have declined in particular most recently as mentioned earlier. Meanwhile, when compared with catalog products, special order products are relatively superior in terms of added value and thus gross profit margin relatively higher at the same time. While it is hard to make any distinguished features with respect to catalog products, there are good chances to do so with respect to special order products, according to the Company. Amongst others, the Company strategically focuses on high-value added special order products where the Company's technology of differentiation is fully utilized, which are called high-value added strategic products.

The Company is heavily involved with the manufacture of special order products, including high-value added strategic products, while efficiently taking advantage of outsourcing for the manufacture of catalog products to a large extent. The subcontractors in charge of outsourcing are all basically small in size, but each has expertise in some specific processes of the manufacture. The Company has set up extensive network to pack them into a bundle. For example, some specific processes of the manufacture for special order products have been consigned to some specific subcontractors who have the specific expertise appropriate.

5.0 Financial Statements

Income Statement

Income Statement	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2016	03/2017	03/2018	03/2019	03/2020	03/2021	Net Chg.
Sales	36,755	36,648	41,025	40,935	35,348	31,400	(3,948)
Cost of Sales	26,577	26,457	29,367	29,463	26,161	-	-
Gross Profit	10,178	10,191	11,658	11,472	9,187	-	-
SG&A Expenses	8,191	8,201	8,814	8,893	8,351	-	-
Operating Profit	1,986	1,990	2,843	2,578	835	860	+24
Non Operating Balance	(320)	(116)	(111)	(31)	(122)	(10)	+112
Recurring Profit	1,666	1,874	2,731	2,547	712	850	+137
Extraordinary Balance	(10)	(44)	(215)	(897)	(3,332)	-	-
Profit before Income Taxes	1,656	1,830	2,516	1,650	(2,619)	-	-
Total Income Taxes	411	459	725	686	866	-	-
Profit Attributable to Non-Controlling Interests	(4)	(5)	1	3	0	-	-
Profit Attributable to Owners of Parent	1,249	1,375	1,788	960	(3,485)	(380)	+3,105
Sales YoY	+6.9%	(0.3%)	+11.9%	(0.2%)	(13.6%)	(11.2%)	-
Operating Profit YoY	+15.2%	+0.2%	+42.8%	(9.3%)	(67.6%)	+2.9%	-
Recurring Profit YoY	+3.1%	+12.5%	+45.7%	(6.8%)	(72.0%)	+19.2%	-
Profit Attributable to Owners of Parent YoY	+5.1%	+10.1%	+30.0%	(46.3%)	-	-	-
Gross Profit Margin	27.7%	27.8%	28.4%	28.0%	26.0%	-	-
Sales to SG&A Expenses Ratio	22.3%	22.4%	21.5%	21.7%	23.6%	-	-
Operating Profit Margin	5.4%	5.4%	6.9%	6.3%	2.4%	2.7%	+0.4%
Recurring Profit Margin	4.5%	5.1%	6.7%	6.2%	2.0%	2.7%	+0.7%
Profit Attributable to Owners of Parent Margin	3.4%	3.8%	4.4%	2.3%	(9.9%)	(1.2%)	+8.7%
Total Income Taxes/Profit before Income Taxes	24.8%	25.1%	28.8%	41.6%	-	-	-

Source: Company Data, WRJ Calculation

Sales by Region

Sales by Region	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2016	03/2017	03/2018	03/2019	03/2020	03/2021	Net Chg.
Japan	15,637	15,903	17,153	16,776	14,565	-	-
China	17,806	17,428	20,100	19,898	16,836	-	-
Southeast Asia	-	-	1,652	1,669	1,535	-	-
Europe, Americas, etc.	-	-	2,112	2,588	2,410	-	-
Sales	36,755	36,648	41,025	40,935	35,348	31,400	(3,948)
Japan	+2.8%	+1.7%	+7.9%	(2.2%)	(13.2%)	-	-
China	+9.9%	(2.1%)	+15.3%	(1.0%)	(15.4%)	-	-
Southeast Asia	-	-	-	+1.0%	(8.1%)	-	-
Europe, Americas, etc.	-	-	-	+22.5%	(6.9%)	-	-
Sales (YoY)	+6.9%	(0.3%)	+11.9%	(0.2%)	(13.6%)	(11.2%)	-
Japan	42.5%	43.4%	41.8%	41.0%	41.2%	-	-
China	48.4%	47.6%	49.0%	48.6%	47.6%	-	-
Southeast Asia	-	-	4.0%	4.1%	4.3%	-	-
Europe, Americas, etc.	-	-	5.1%	6.3%	6.8%	-	-
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 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	YoY Net Chg.
Automobiles	17,060	16,780	18,390	17,877	15,370	-	-
Electronic Parts & Semiconductors	6,550	7,000	7,890	7,558	6,113	-	-
Consumer Electronics & Precision Equipment	4,800	4,480	4,790	4,837	4,298	-	-
Other	8,300	8,400	9,946	10,662	9,566	-	-
Sales	36,755	36,648	41,025	40,935	35,348	31,400	(3,948)
Automobiles	+9.7%	(1.6%)	+9.7%	(2.8%)	(14.0%)	-	-
Electronic Parts & Semiconductors	+0.2%	+6.9%	+13.0%	(4.3%)	(19.1%)	-	-
Consumer Electronics & Precision Equipment	+6.7%	(6.7%)	+7.1%	+1.0%	(11.1%)	-	-
Other	+6.4%	+1.2%	+18.4%	+7.2%	(10.3%)	-	-
Sales (YoY)	+6.9%	(0.3%)	+11.9%	(0.2%)	(13.6%)	(11.2%)	-
Automobiles	46.4%	45.8%	44.9%	43.7%	43.5%	-	-
Electronic Parts & Semiconductors	17.8%	19.1%	19.3%	18.5%	17.3%	-	-
Consumer Electronics & Precision Equipment	13.1%	12.6%	11.7%	11.8%	12.2%	-	-
Other	22.6%	22.9%	24.2%	26.0%	27.1%	-	-
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 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	YoY Net Chg.
No. of Shares FY End (thousand shares)	11,061	11,061	22,122	22,122	22,122	-	-
Net Profit / EPS (thousand shares)	11,061	11,008	21,921	21,864	21,786	-	-
Treasury Shares FY End (thousand shares)	-	100	200	380	313	-	-
Earnings Per Share	112.94	124.99	81.61	43.92	(160.01)	(17.42)	-
Earnings Per Share (Fully Diluted)	-	124.84	81.35	43.74	-	-	-
Book Value Per Share	1,264.64	1,292.50	736.64	721.49	536.64	-	-
Dividend Per Share	25.00	26.00	16.75	16.75	2.00	0.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	YoY Net Chg.
Share Split Factor	2	2	1	1	1	1	-
Earnings Per Share	56.47	62.50	81.61	43.92	(160.01)	(17.42)	-
Book Value Per Share	632.32	646.25	736.64	721.49	536.64	-	-
Dividend Per Share	12.50	13.00	16.75	16.75	2.00	0.00	-
Payout Ratio	22.1%	20.8%	20.5%	38.1%	(1.2%)	-	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	YoY Net Chg.
Cash and Deposit	3,235	3,280	3,770	3,579	3,389	-	-
Accounts Receivables	10,614	11,468	12,095	10,988	9,942	-	-
Inventory	3,721	3,787	4,425	4,663	4,229	-	-
Other	303	613	549	327	230	-	-
Current Assets	17,875	19,150	20,842	19,559	17,792	-	-
Tangible Assets	7,696	8,669	9,939	9,972	7,134	-	-
Intangible Assets	1,322	1,242	1,157	1,001	344	-	-
Investments and Other Assets	443	389	621	621	304	-	-
Fixed Assets	9,462	10,301	11,718	11,595	7,784	-	-
Total Assets	27,337	29,451	32,560	31,155	25,576	-	-
Accounts Payables, etc.	3,860	4,287	4,597	4,148	3,660	-	-
Short Term Debt	3,550	4,346	3,730	4,326	3,148	-	-
Other	3,040	3,090	4,322	3,056	2,471	-	-
Current Liabilities	10,451	11,724	12,649	11,531	9,280	-	-
Long Term Debt	1,794	2,460	2,151	2,341	2,927	-	-
Other	1,092	1,089	1,584	1,547	1,621	-	-
Fixed Liabilities	2,886	3,550	3,736	3,889	4,548	-	-
Total Liabilities	13,338	15,275	16,385	15,420	13,829	-	-
Shareholders' Equity	12,586	13,598	15,096	15,500	11,913	-	-
Other	1,413	578	1,077	234	(166)	-	-
Net Assets	13,999	14,176	16,174	15,734	11,747	-	-
Total Liabilities and Net Assets	27,337	29,451	32,560	31,155	25,576	-	-
Equity Capital	13,988	14,167	16,148	15,686	11,703	-	-
Interest Bearing Debt	5,344	6,807	5,882	6,668	6,075	-	-
Net Debt	2,108	3,526	2,111	3,088	2,686	-	-
Equity Ratio	51.2%	48.1%	49.6%	50.4%	45.8%	-	-
Net Debt Equity Ratio	15.1%	24.9%	13.1%	19.7%	23.0%	-	-
ROE (12 months)	8.9%	9.8%	11.8%	6.0%	(25.5%)	-	-
ROA (12 months)	5.9%	6.6%	8.8%	8.0%	2.5%	-	-
Days for Inventory Turnover	51	52	55	58	59	-	-
Quick Ratio	133%	126%	125%	126%	144%	-	-
Current Ratio	171%	163%	165%	170%	192%	-	-

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 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	YoY Net Chg.
Operating Cash Flow	3,187	1,785	3,393	3,185	2,490	-	-
Investing Cash Flow	(1,159)	(2,770)	(2,335)	(3,253)	(1,788)	-	-
Operating Cash Flow and Investing Cash Flow	2,028	(985)	1,058	(68)	701	-	-
Financing Cash Flow	(1,901)	1,199	(738)	74	(772)	-	-

Source: Company Data, WRJ Calculation

6.0 Other Information

Toward “Punch of the World”

The Company, founded by Yuji Morikubo (appointed as Honorary Chairman on 24 June 2015), goes “establishing the leading brand in the market for parts of molds & dies, while targeting to see high profitability by means of utilizing own superiority as an entity in charge of both manufacture and sale” for its corporate vision. In March 1975, he set up Kamba Shokai Co., Ltd. in Shinagawa-ku, Tokyo and started up the manufacture of pins to make holes for printed circuit boards, then having made a change for the corporate identification to PUNCH INDUSTRY CO., LTD. in August 1977 and started up the current operations with the Company.

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 on a full-fledged basis. Prior to this, the Company used to basically run operations of stocking and selling for parts of molds & dies. Then, this was followed by setup of manufacturing base in Dalian, China in October 1990. In early days, the operations in there were nothing but of processing raw materials imported from Japan into semi-finished products to be finished back in Japan. However, given increased volume of home appliances, automobiles, etc., locally manufactured in those days, the Company has started up locally selling parts of molds & dies locally manufactured since April 2002. 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.

Meanwhile, on 1 November 2019, Tetsuji Morikubo was appointed as President and CEO (representative director). He says that the Company is an entity with strong presence to support affluent life of people around the world by means of supporting “the manufacture around the world” as the power behind the scenes. He also says that he will lead the Company’s move to become a truly global company that fulfills its social responsibilities, i.e., “Punch of the World”. Further, he says that the Company will remain being always the first choice for customers, that all the personnel think and act proactively to autonomously restructure and improve themselves and that the Company will remain as an entity that is trusted by stakeholders.

Company History

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, while started nation-wide sale of parts of molds & dies in December of the same year
May 1989	Set up Miyako Punch Industry (currently, Miyako Factory)
October 1990	Set up manufacturing base in Dalian, China
July 2001	Set up sales office in China, started sale of parts of molds & dies in China in 2002, i.e., the following year
September 2010	Set up sales office 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
December 2015	Set up manufacturing base in Vietnam (Vietnam Factory)
March 2016	Announced Midterm Management Plan Value Creation 2020
October 2016	Started utilizing Vietnam Factory on a full-fledged basis
April 2017	Started sales through distribution firm based in 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

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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