

April 2024 - March 2025

# FY2023–2024 Mid-term Business Plan “Value Creation 2024 Revival”

October 27, 2023



**PUNCH INDUSTRY CO., LTD.**

(Security Code: 6165)

# Key Management Issues of VC2024 Revival

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

Stock listing

VC15

VC2020

VC2024 Revival

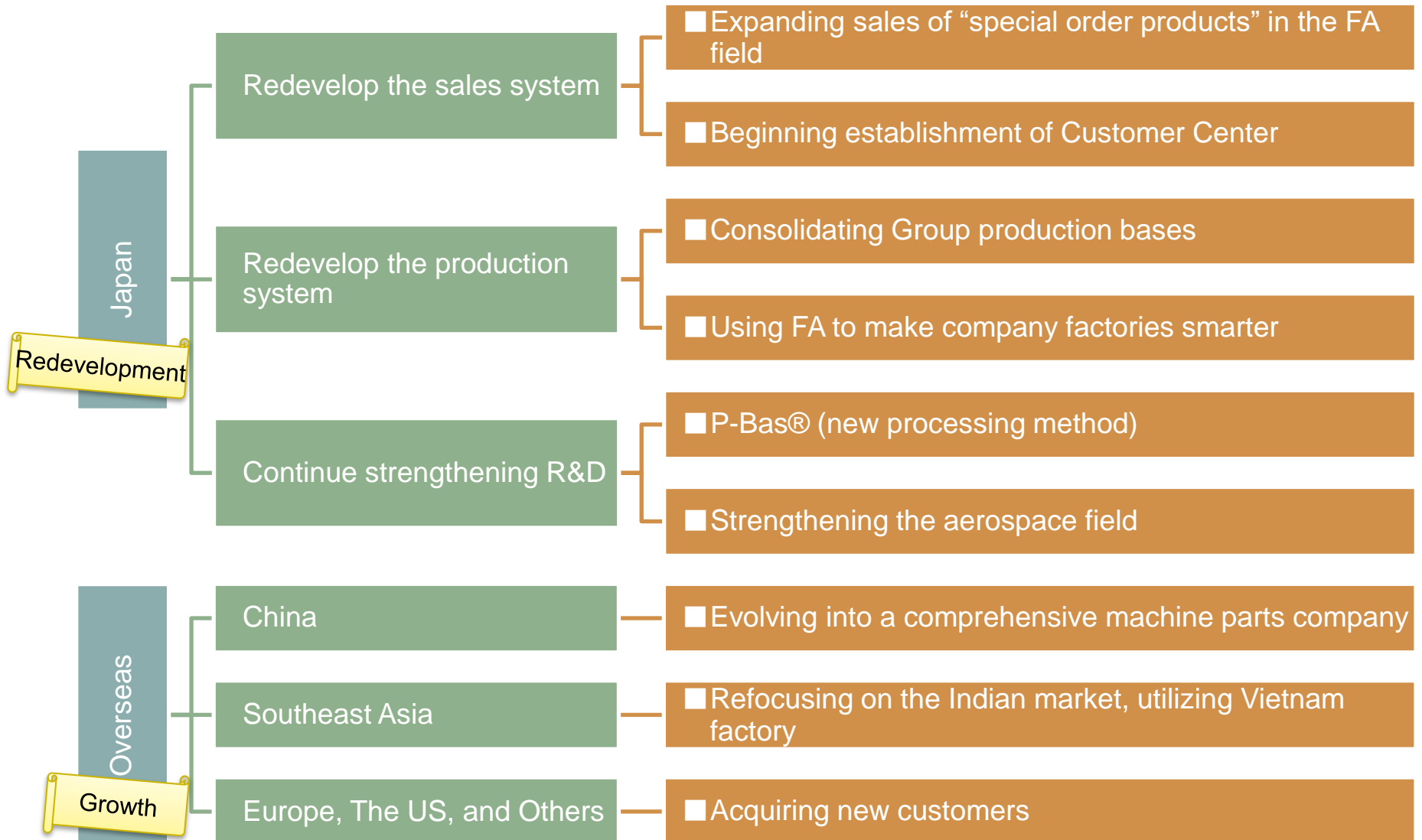
- Redevelopment of domestic business
- Growth in overseas business

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

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



# Key Measures of VC2024 Revival



# Details of Domestic Business Redevelopment

## Lay off 205 employees in Parent Company Punch Industry, close (liquidate) consolidated subsidiary Pintec



Partner factories

Transfer production

- Lay off 205 employees in Punch Industry
  - Streamlining order receiving operations by consolidating sales bases and operations
  - Extraordinary loss: Roughly ¥800 million recorded in Q2 of FY24.3
- Close consolidated subsidiary Pintec
  - Liquidation in progress
  - Pintec products transferred to Kitakami & Hyogo
  - Extraordinary loss: Roughly ¥270 million recorded in Q2 of FY24.3
- Other
  - Streamlining through automation, etc.
  - Establishment of Customer Center

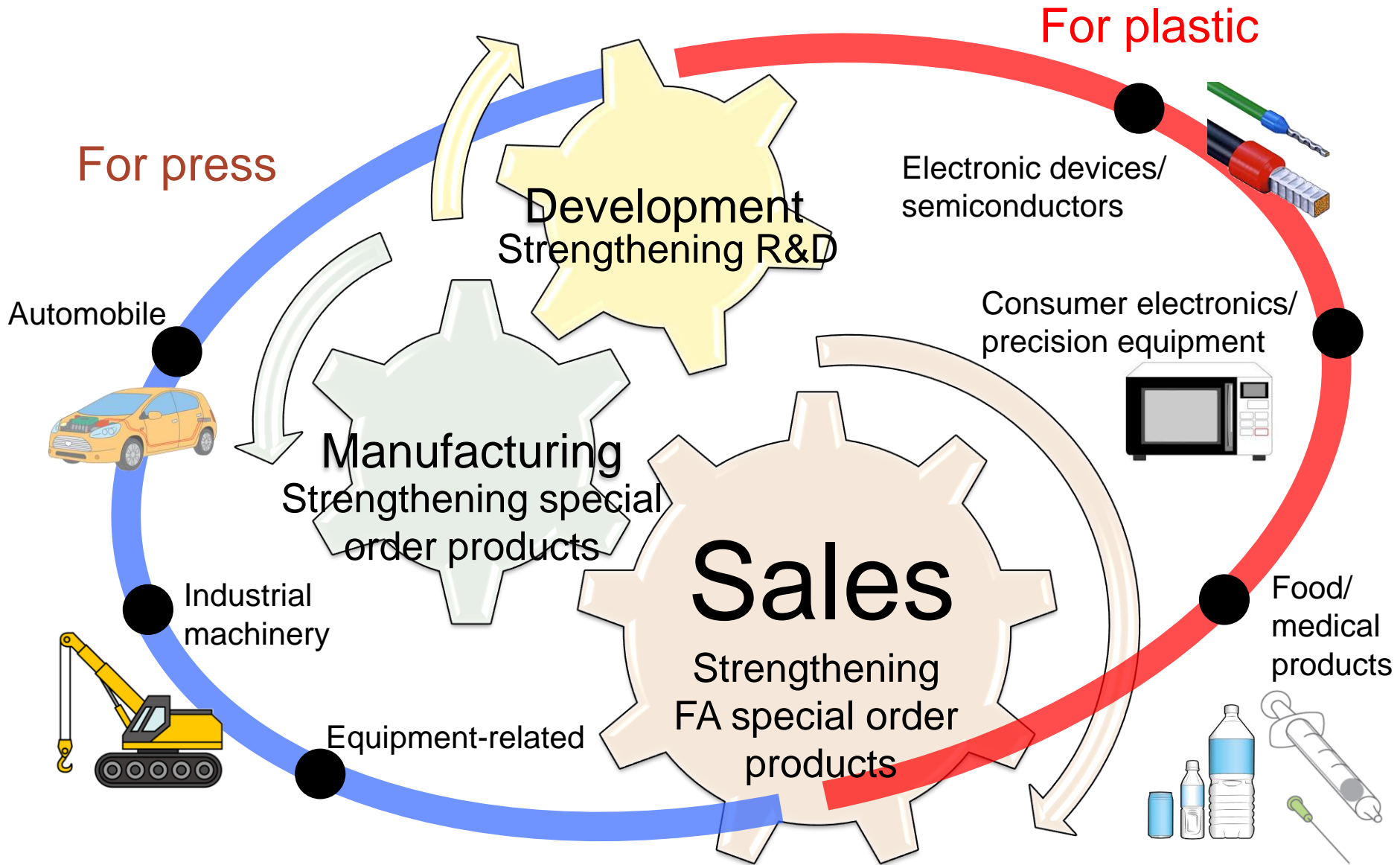


Improvement of operating profit for FY25.3:

**Roughly ¥1.2 billion**



# Continue Support for Manufacturing for a Broad Range of Industries

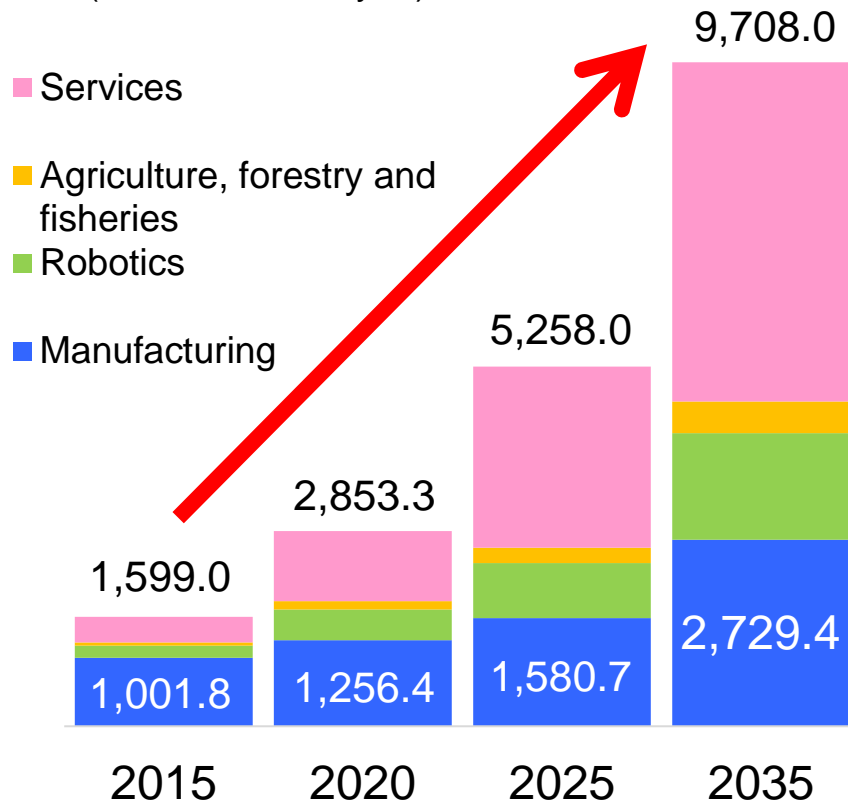


# Expand Sales of “Special Order Products” in the FA Field

Expanding sales of “special order products” in the FA field by utilizing our expertise in the expanding FA market

■ Market size of the domestic robotics industry

(Unit: Billions of yen)



Source: New Energy and Industrial Technology Development Organization

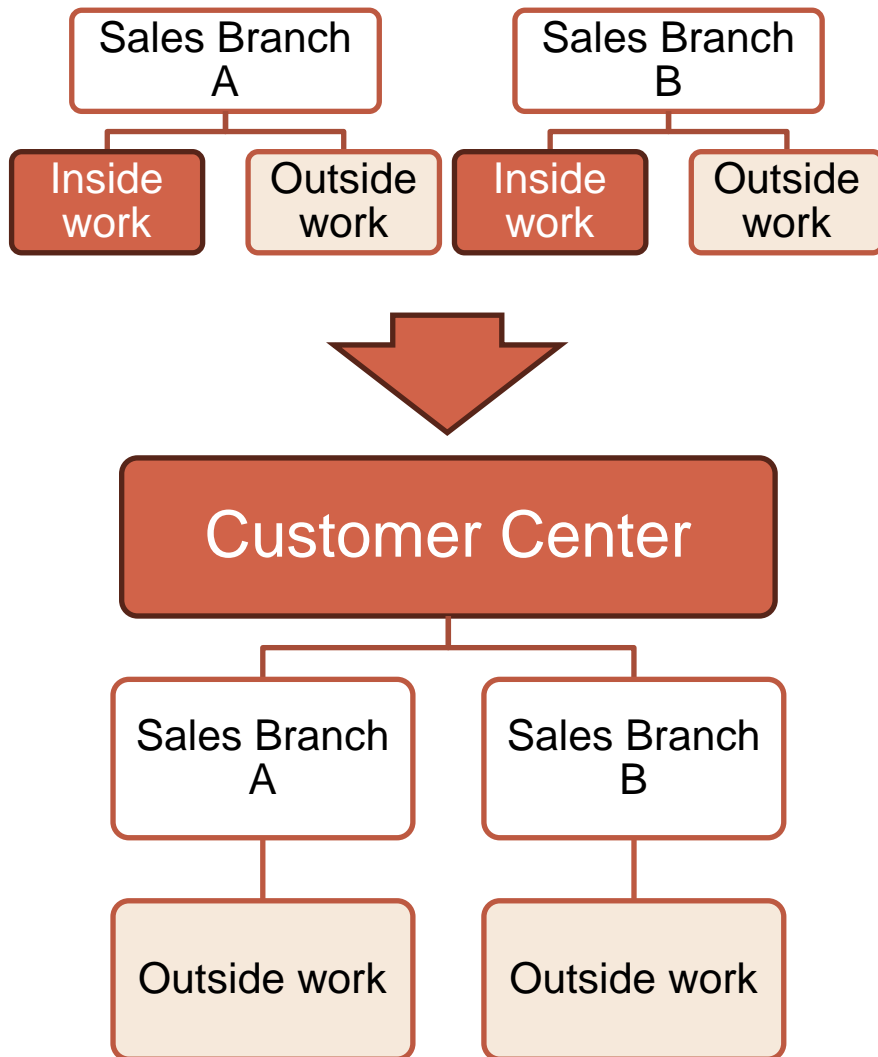
株式会社 ASCe

PUNCH INDUSTRY  
パンチ工業株式会社

- The future market for the robotics industry is predicted to grow to ¥9.7 trillion by 2035
- In the manufacturing sector, which is the fundamental market for us, Punch Group’s Japan and China operations are strengthening sales of “special order products” in the FA field
- FA equipment designer and manufacturer ASCe joined the Punch Group in October 2022
- Goal: Expand sales of “special order products” in the FA field
- Consolidated FA sales target for FY25.3:

**¥3.2 billion**

# Customer Center Concept Aiming to Streamline Future Order Receiving Operations



- Presently, the sales branches handle both inside and outside works, with outside staff receiving orders obtained through sales activities, and inside staff requesting quotations from the factories, entering orders, managing drawings, and the like
  - Downsizing through corporate streamlining
  - Consolidation of inside operations into Customer Center
- Some sales branches closed or scaled down under the Customer Center concept
- Inside work consolidated into a separate base through Customer Center concept
  - Closing the gap between the levels of order receiving operations should enable us to give customers quotations sooner
  - Utilizing IT tools should streamline drawing management
- Operations will start within limited regions

# Customer Center Project

## Begin operation of the Kitakami Customer Center

### ■ Customer Center Project objectives

- Reform sales and manufacturing operations by streamlining workflows and utilizing IT tools
- Consolidate sales bases and operations to consolidate order receiving operations, thereby closing the gap between the levels of order receiving operations
- Ensure faster quotations and machining turnaround times in response to the state of the Japanese molds and dies market

## Increase orders by improving customer service

### ■ Business operations tasks

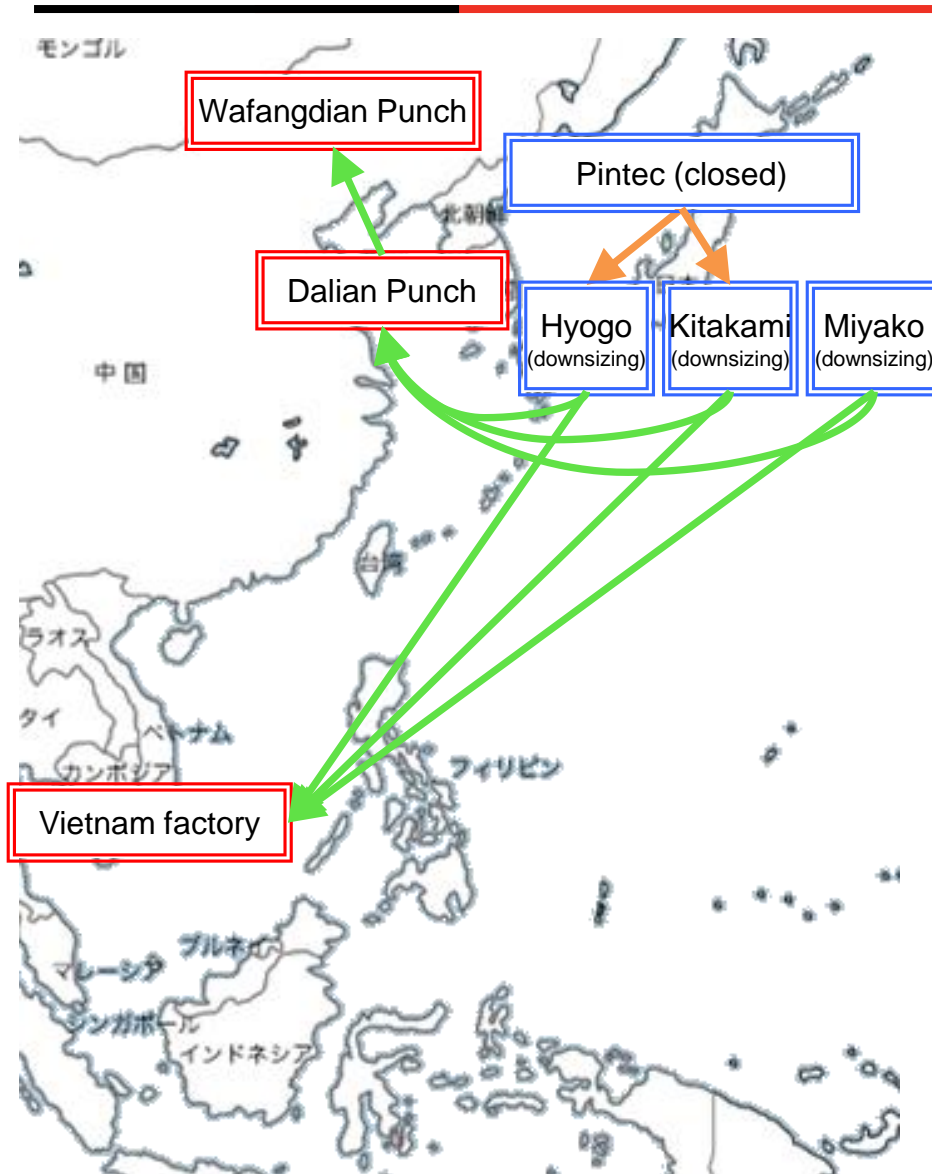
- (1) Establish new quotation/order receiving workflow
- (2) Revise shipping process
- (3) Consider and propose 3D CAD support flow

### ■ DX promotion tasks

- (1) Define/develop the requirement to revamp quotation and order entry interface in the sales system
- (2) Support factory shipment automation
- (3) Utilize AI drawing search and other IT tools



# Transfer of Production as Part of Corporate Streamlining



## Redevelopment of the Group's production system

(2023–2026)

1

**Close Pintec, downsize at domestic factories**  
Transfer production to Kitakami & Hyogo

2

**Japan factories specialize in special order products**  
Transfer production of catalog products to Dalian/Wafangdian/Vietnam factories by 2026

3

**Utilize partner factories and other external resources for catalog products with short delivery time**

### [Objectives]

- Strengthen earning power of Parent Company in Japan
- Improve operating rates at overseas factories



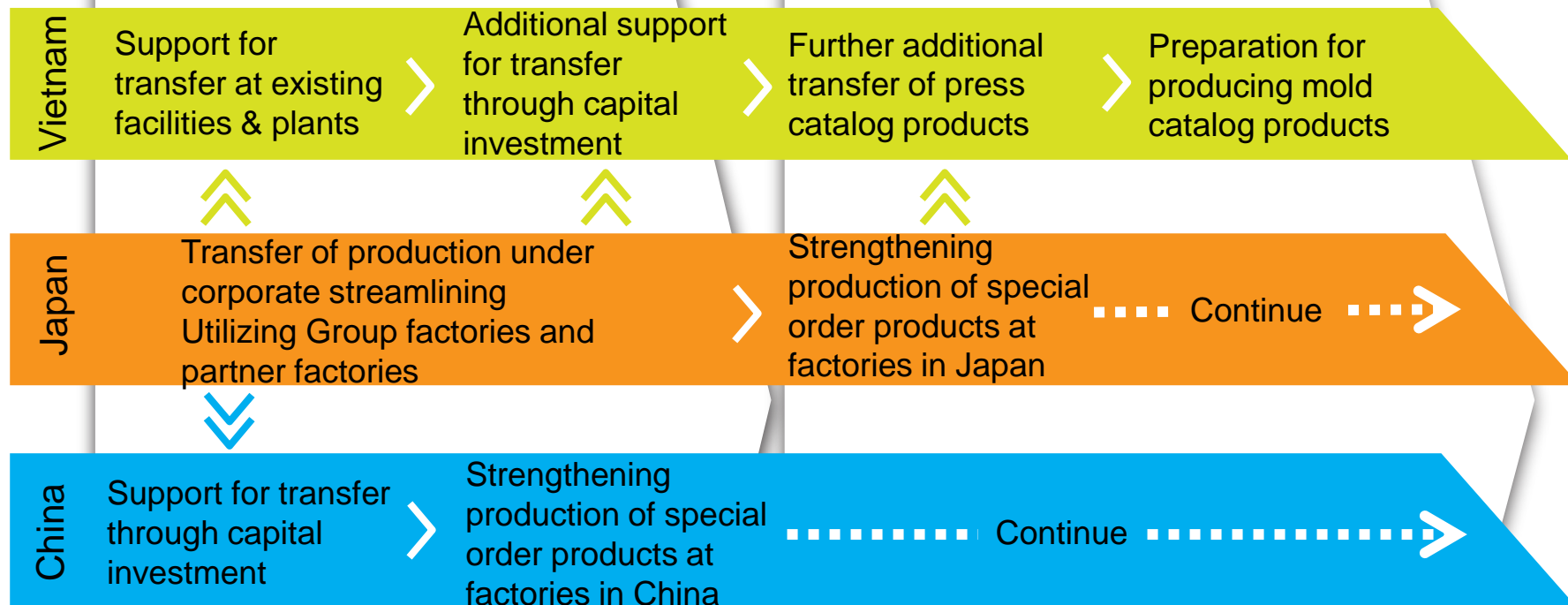
# Redevelopment of the Group's Production System

## Phase 1

(through FY24.3)

## Phase 2

(FY25.3 and onward)



Use Group factories and partner factories to support production to fulfill our responsibility to supply mold and die components to our customers

Effect on Vietnam factory sales in FY25.3:  
**Roughly ¥300 million**



# Using FA in the Form of Automation and Labor-Saving Support to Make Company Factories Smarter

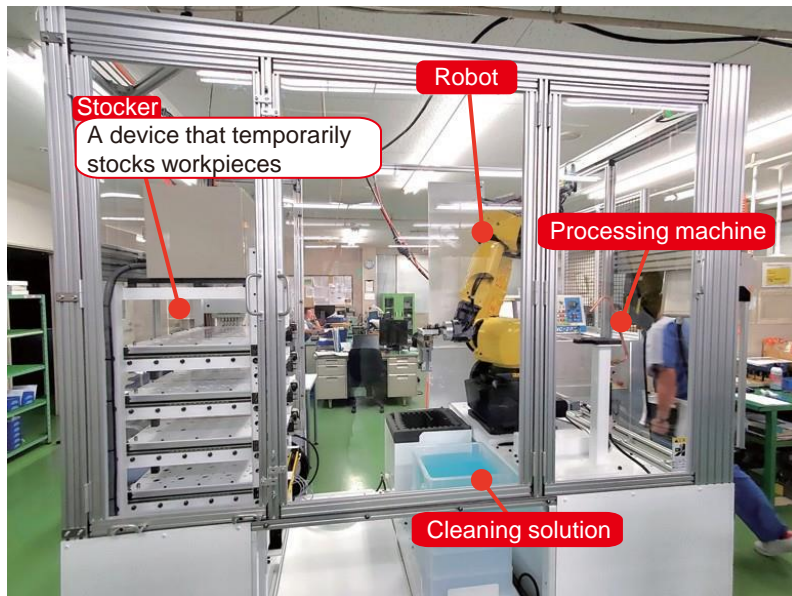


A collaborative robot  
(Assembly by ASCe of the Punch Group)

- The current manufacturing process requires people to be assigned to each process; machining, transport, inspections, and the like have not been streamlined
  - Downsizing through corporate streamlining
  - Using automated guided vehicles (AGVs), robots, and the like to automate transport between processes and in-process inspections
  - This should streamline overall transport
- Visualization of production through IoT
  - Improving overall factory operating rates by monitoring automated machine operation
- Streamlining shipping operations through IoT
  - Automated sorting & transport when various mold and die components are shipped to customers
- Introducing automatic setup change robots for NC lathes
  - Work in progress can be loaded & unloaded during automatic operation

# Factory Automation & Labor-saving Support

## Promoting automation of manufacturing processes by introducing labor-saving equipment



**Stocker**  
A device that temporarily stocks workpieces

**Robot**

**Processing machine**

**Cleaning solution**

Take a workpiece out of the stocker



Store in the stocker



Set the workpiece on the processing machine



Blow off the cleaned workpiece



Close the door and Start machining



Dip the machined workpiece into the cleaning solution



Product machining (processing machine)

- Introducing labor-saving equipment
- Introduced at the Kitakami factory in August 2023
- Robots installed outside the processing machines automatically change the workpieces (products to be machined) and chucks (auxiliary devices to secure the workpieces)  
\* Presently, this is done manually (see bottom-left figure)
- During automatic operation, operators can perform other tasks, thereby saving labor
- We will further promote automation of manufacturing processes in the future, for example by introducing robots into more types of processing machines



Unattended operating rate of machines with robots: 70% or higher

Operating rate of operators of machines with robots: 100% or higher

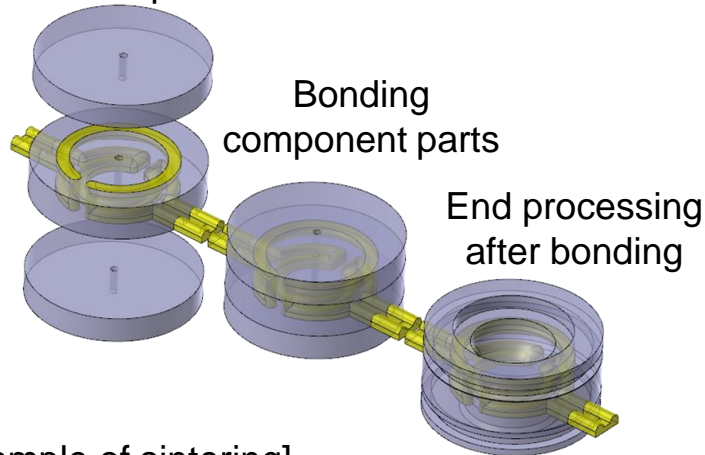
Promoting multi-unit, multi-skilled production system

# P-Bas<sup>®</sup> (New Processing Method)

## Continued development of new technologies for the further growth of the Punch Group

Component  
manufacturing  
in three parts

[Example of bonding]



[Example of sintering]



Several different metal  
powders are pulverized  
and evenly mixed



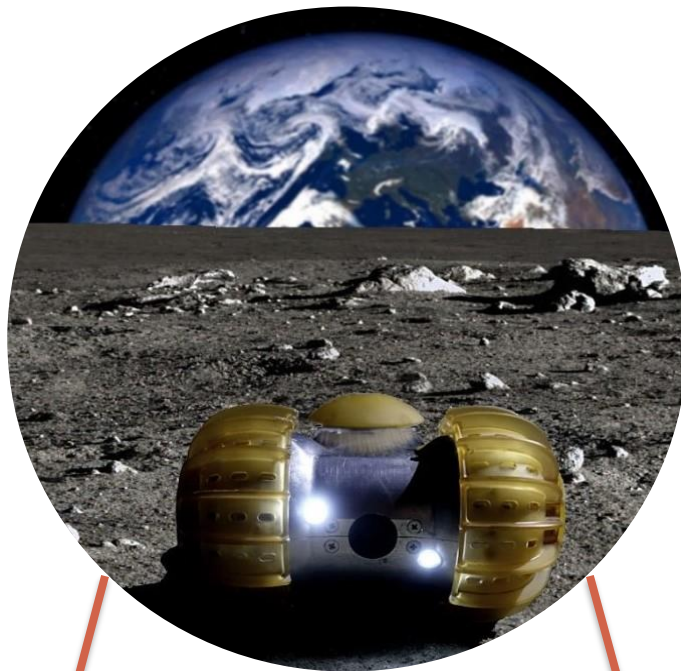
Alloy samples  
(pressurized/heated  
and sintered)

- P-Bas (Punch-Bonding and sintering)
  - A term coined by the Punch Group that combines bonding and sintering
  - A technology for integrating multiple, separately fabricated components and materials—objects that are different from one another—by pressing and heating them with special equipment for both bonding and sintering
- Example of bonding
  - Produce an ideal cooling circuit by bonding multiple components machined in sections
- Example of sintering
  - Forming an alloy with wear resistance, high thermal conductivity, non-magnetism, rust resistance, compatibility with surface preparation, and other properties that are not covered by existing materials
  - This technology is also used in aerospace



# Strengthening the Aerospace Field

**Pursuing business growth through aggressive expansion into the high-growth-potential field of aerospace**



Product  
measurement

New material  
development

Metal  
fabrication

- Entered the space business ahead of others, acquiring technology by applying new composites, etc.
  - Utilize in existing and new businesses on Earth
  - Utilize in markets other than the space business
  - Become a more indispensable company
- Signed a technical partnership agreement with Dymon Co., Ltd., the first private company in the world to tackle the challenge of lunar exploration
  - Provide 3D scanner measurement services for lunar rovers
  - Leverage technological capabilities cultivated through manufacturing mold and die components and FA parts & equipment
  - Use P-Bas (sintering) to develop new materials and offer metal component machining solutions
  - Aim to contribute to the aerospace industry
- Started joint research with JAXA (The Japan Aerospace Exploration Agency)

# Initiatives for Business in China

## Striving to evolve from a mold and die component company to a comprehensive machine parts company

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Mold and die components  | <input type="checkbox"/> Precision & industrial machinery components                | <input type="checkbox"/> FA components  |
| <input type="checkbox"/> Mold and die components for new energy (mainly EVs)                | <input type="checkbox"/> Deep diving into demand for precision components           | <input type="checkbox"/> Responding to automation & labor-saving needs                            |
| <input type="checkbox"/> Medical care- & beverage-related precision mold and die components | <input type="checkbox"/> Precision components for aerospace and other industries    | <input type="checkbox"/> FA market development  |
| <input type="checkbox"/> High-value-added special order mold and die components             | <input type="checkbox"/> Expansion of medical instrument and device component field | <input type="checkbox"/> Establishing a new team dedicated to strengthening FA sales capabilities |

## Thorough cost reductions at company factories: Ensure stable profits

- Streamlining through automated & smarter production, promoting digitization of operations
- Promoting global procurement throughout the Punch Group, reducing cost of purchased goods



# Start of India Restructuring Project

**Renewed focus on the Indian mold and die components market, which is expected to double by 2030**

FY24.3

FY25.3

FY26.3 and onward (next Mid-term Business Plan)

## Short-term initiatives

Stabilize management      Increase the number of employees to strengthen sales, increase recognition

Prepare for business expansion      Develop partner factories in India

## Medium- to long-term initiatives

Business expansion      Procure from factories in India (partner factories) & Vietnam, create business alliances and do M&A

### ■ Short-term initiatives

- (1) Revise existing product families (highly profitable products)
- (2) Enhance analytical functions by developing IT infrastructure
- (3) Increase recognition by adding outside sales staff, exhibiting at trade shows, etc.

### ■ Medium- to long-term initiatives

- (1) Procure from factories in India & Vietnam
- (2) Consider selling products other than mold and die components
- (3) Strengthen transactions with local companies with an eye toward creating business alliances and doing M&A for synergy





# Start of European Sales Expansion Project

## Groupwide projects (Japan Punch, China Punch, Malaysia Punch)



### ■ Short-term initiatives

- (1) Joint exhibition at trade shows
- (2) Assign staff to sales offices
- (3) Strengthen sales accompanied by staff from sales offices or trading companies
- (4) Expand items including FA components and MRO (Maintenance, Repair and Operation) products
- (5) Develop a trading company

### ■ Medium- to long-term initiatives

- (1) Consider establishing sales bases and distribution centers
- (2) Develop partner factories capable of meeting DIN standards
- (3) Meet demand for ultra-precision & high-precision components
- (4) Expand sales of catalog products with short delivery time



# Approach and Initiatives Concerning Sustainability

**We aim to be a company that achieves continuous growth and increases corporate value by supporting the world's manufacturing, and protects the lives of our employees, members of our supply chain, and the global environment**

## **Sustainability Committee**

Chair: President and Representative Director  
Members: Executive Directors and Officers

### **CO2 Reduction Task Force**

- Installing smart lighting and transitioning to LED
- Installing solar power generation systems on factory buildings and upgrading to high-efficiency air conditioning
- Considering purchasing renewable energy, etc.

### **Waste Reduction Task Force**

- Reducing industrial waste emissions, expanding the range of wastes that become valuable resources
- Reducing packaging materials for shipments, materials, tools, etc.
- Recycling unneeded shipping pallets, reducing copy paper consumption

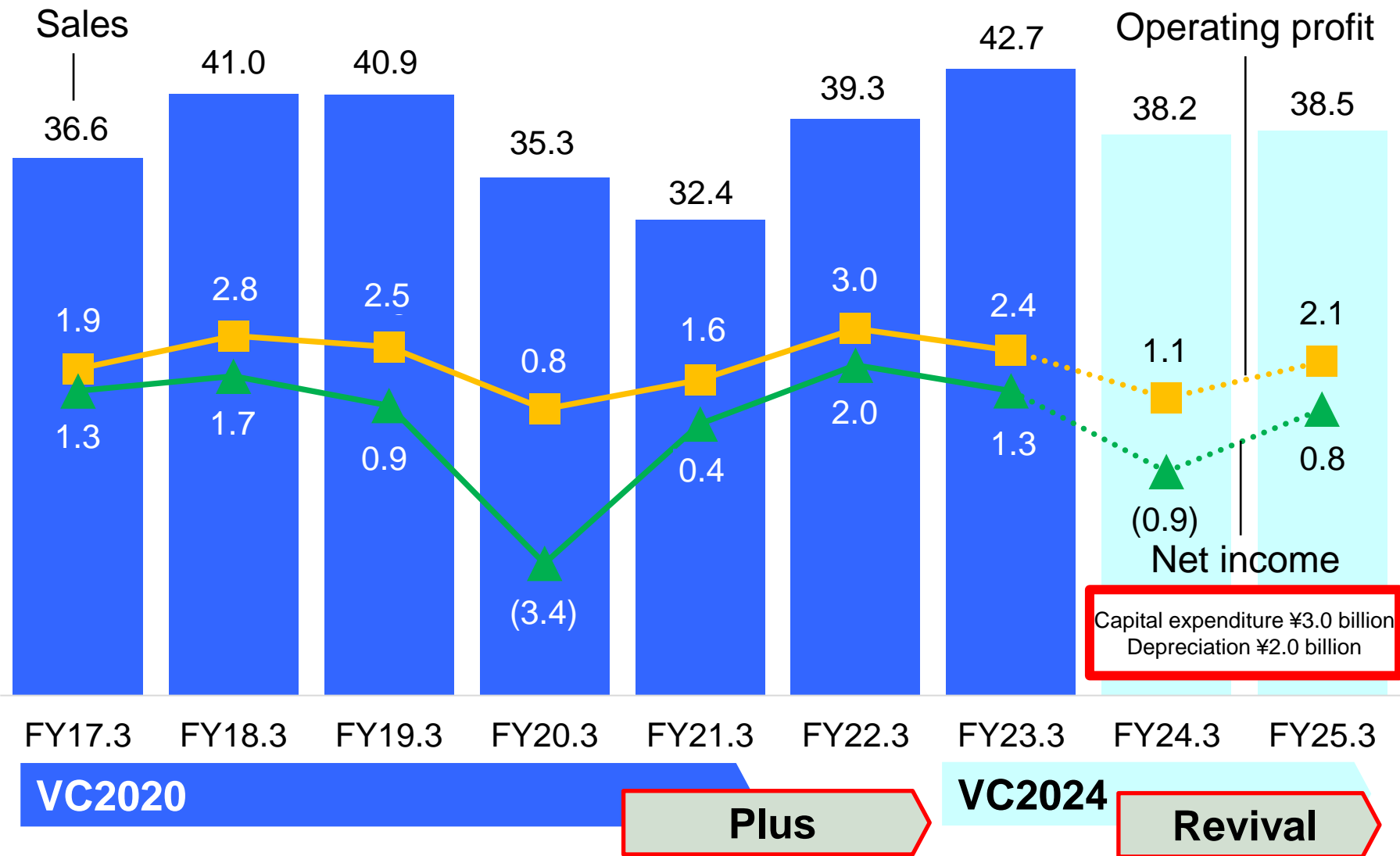
### **Task Force on Respect for Human Rights**

- Formulating a Human Rights Policy
- Formulating Sustainable Procurement Policy & Guidelines
- Launching human rights due diligence within the Group and at partner factories

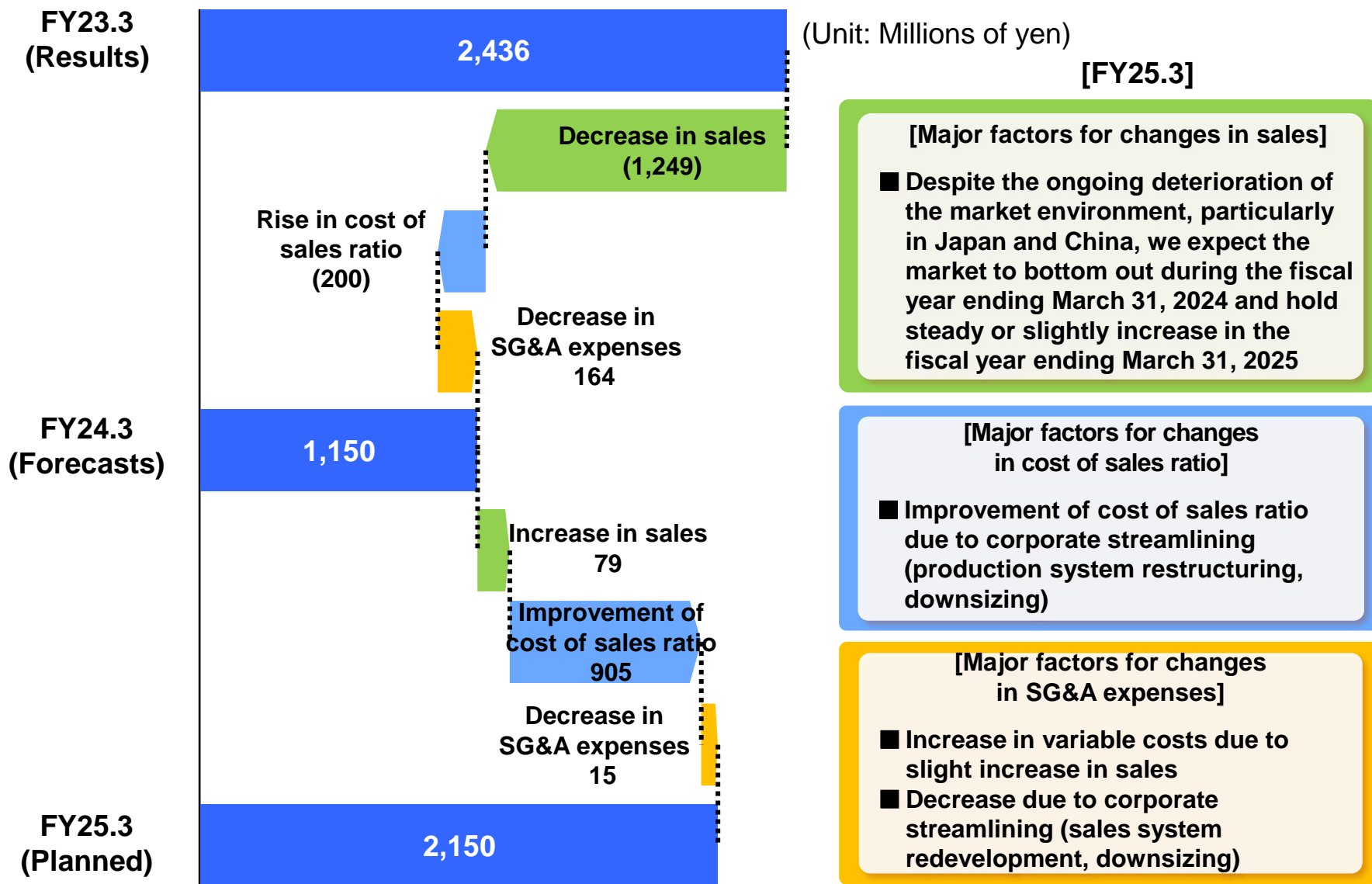


# Management Targets for VC2024 Revival

(Unit: Billions of yen)



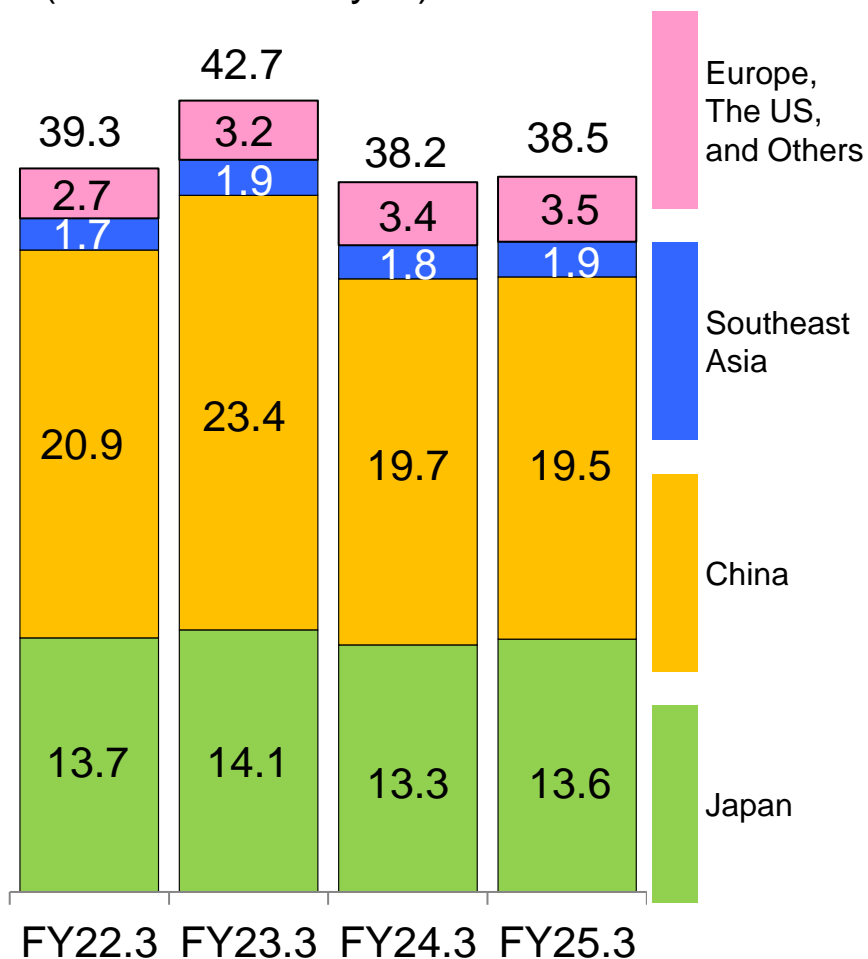
# Operating Profit Changes



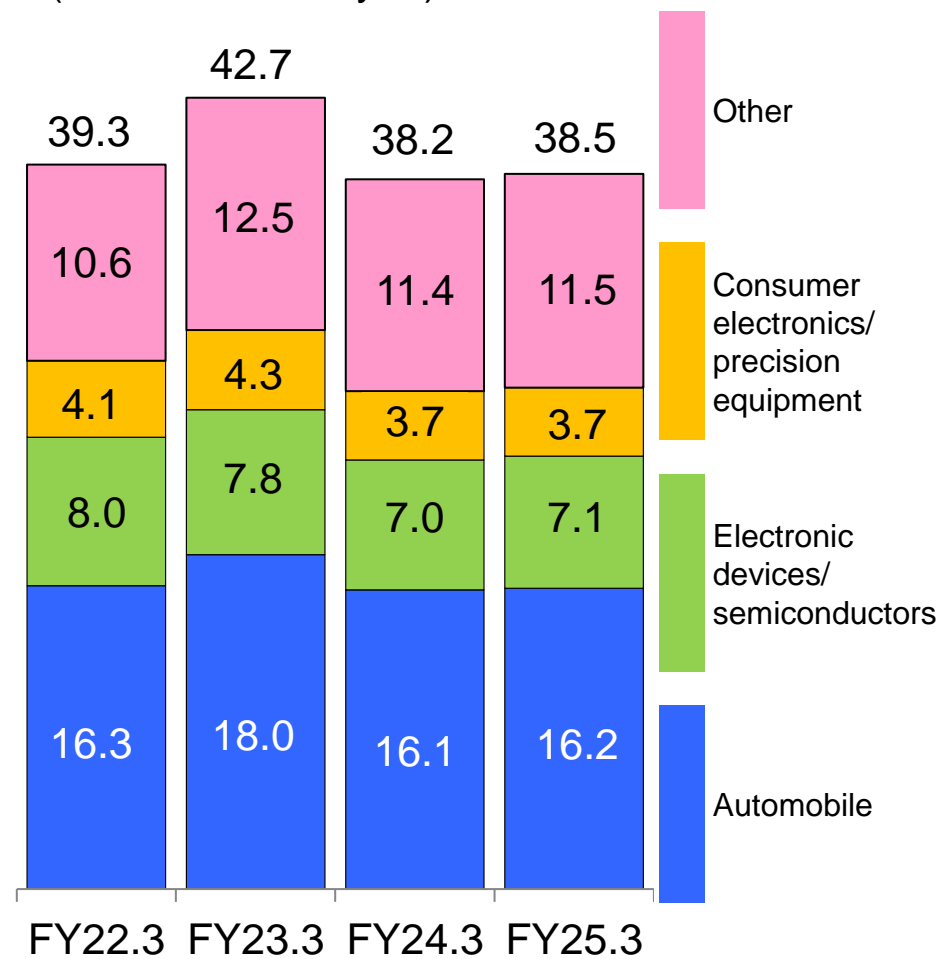
# Numerical Targets for Sales by Region and Industry

**VC2024 Revival covers FY2023 through FY2024**  
**(fiscal year ending March 31, 2024 through fiscal year ending March 31, 2025)**

(Unit: Billions of yen)



(Unit: Billions of yen)



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

**Instill the “ROIC management” concept in the Group, and fully embrace management with an awareness of capital efficiency**

Index	FY25.3 (planned)	Target
Equity ratio	60.6%	60% or higher
ROE	4.4%	10% or higher
ROIC	6.3%	10% or higher
Consolidated payout ratio	56.7%	30% or higher
DOE	3.0%	3% or higher
WACC	6%–7%	–

$$\text{DOE } 3\% = \frac{\text{(Total dividends) } \yen469 \text{ million}}{(\yen16,381 \text{ million} + \yen14,929 \text{ million}) \div 2}$$

(Average shareholders' equity for FY23.3 and FY24.3)

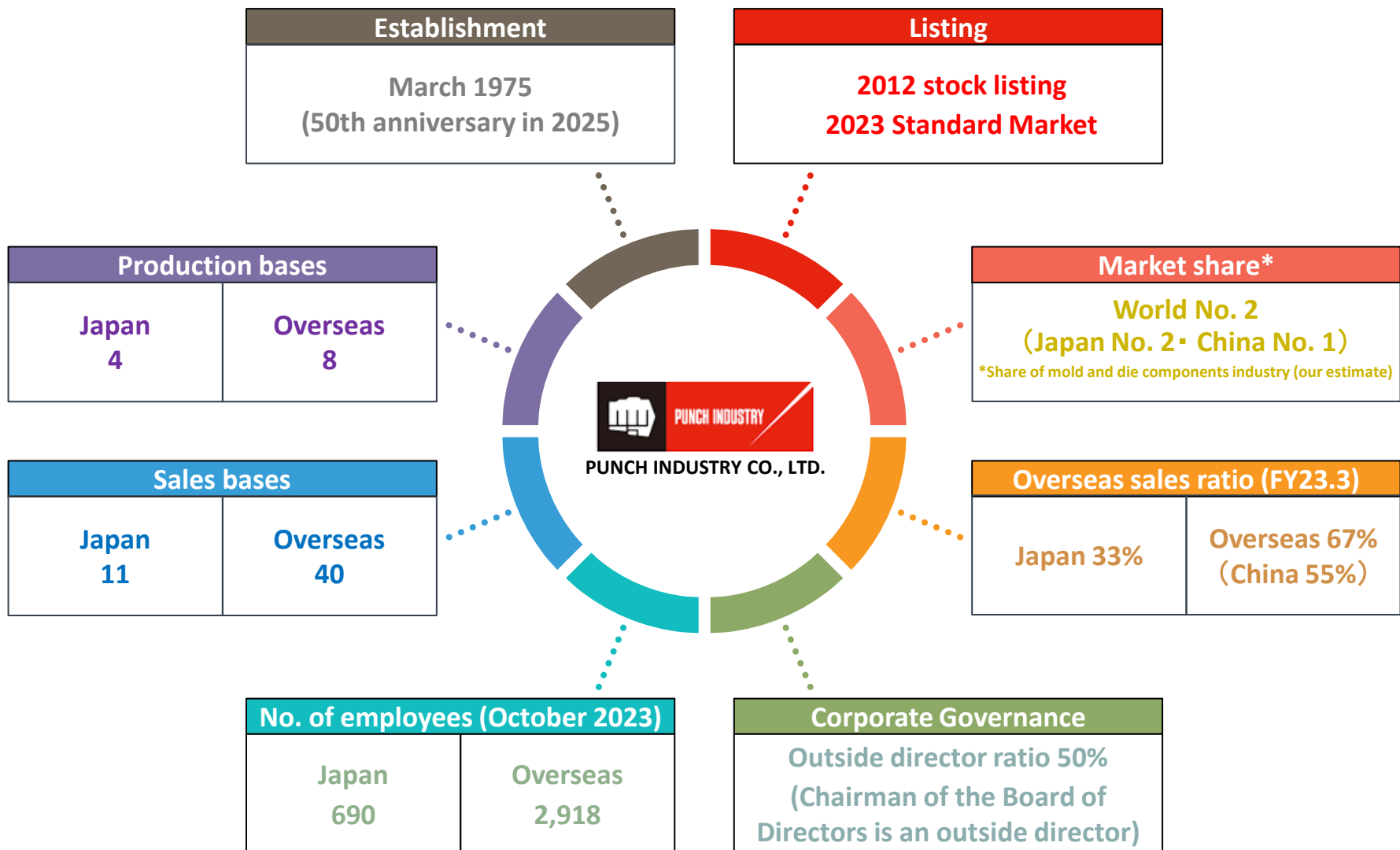
- Revise the capital policy (January 2023)
- While ensuring a healthy financial foundation, aim to improve corporate value by increasing management efficiency and properly distributing the funds obtained from operating activities for shareholder returns and investments for further growth.
- Based on a basic dividend policy of distributing profits with an awareness of providing stable, continuous dividends that are linked to consolidated performance, the following indices are used.
  - Consolidated payout ratio: 30% or higher, and
  - DOE: 3% or higher
 Furthermore, the dividends are decided after comprehensively considering the financial condition, funding needs and other factors.
- Treasury stock is acquired as necessary based on a flexible approach in light of the financial condition and the trends in the share price and other market conditions.





# Reference Materials

# Punch Group at a Glance





# Management Structure

## Profile of President and Representative Director

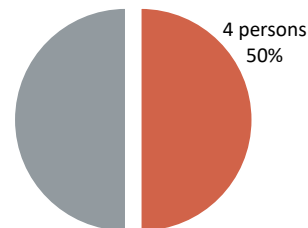
Name and date of birth	Career	
<b>Tetsuji Morikubo</b> (January 22, 1977)	May 2003	Joined the Company
	Feb. 2005	PUNCH INDUSTRY (DALIAN) Co.
	Nov. 2012	General Manager, Value Creation Promotion Office
	Apr. 2013	General Manager, Corporate Planning Office
	Apr. 2015	PUNCH INDUSTRY MALAYSIA SDN. BHD.
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



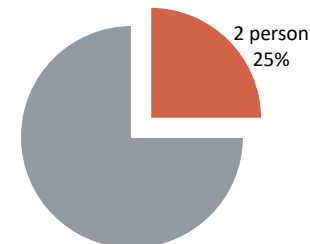
## Board of Directors

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

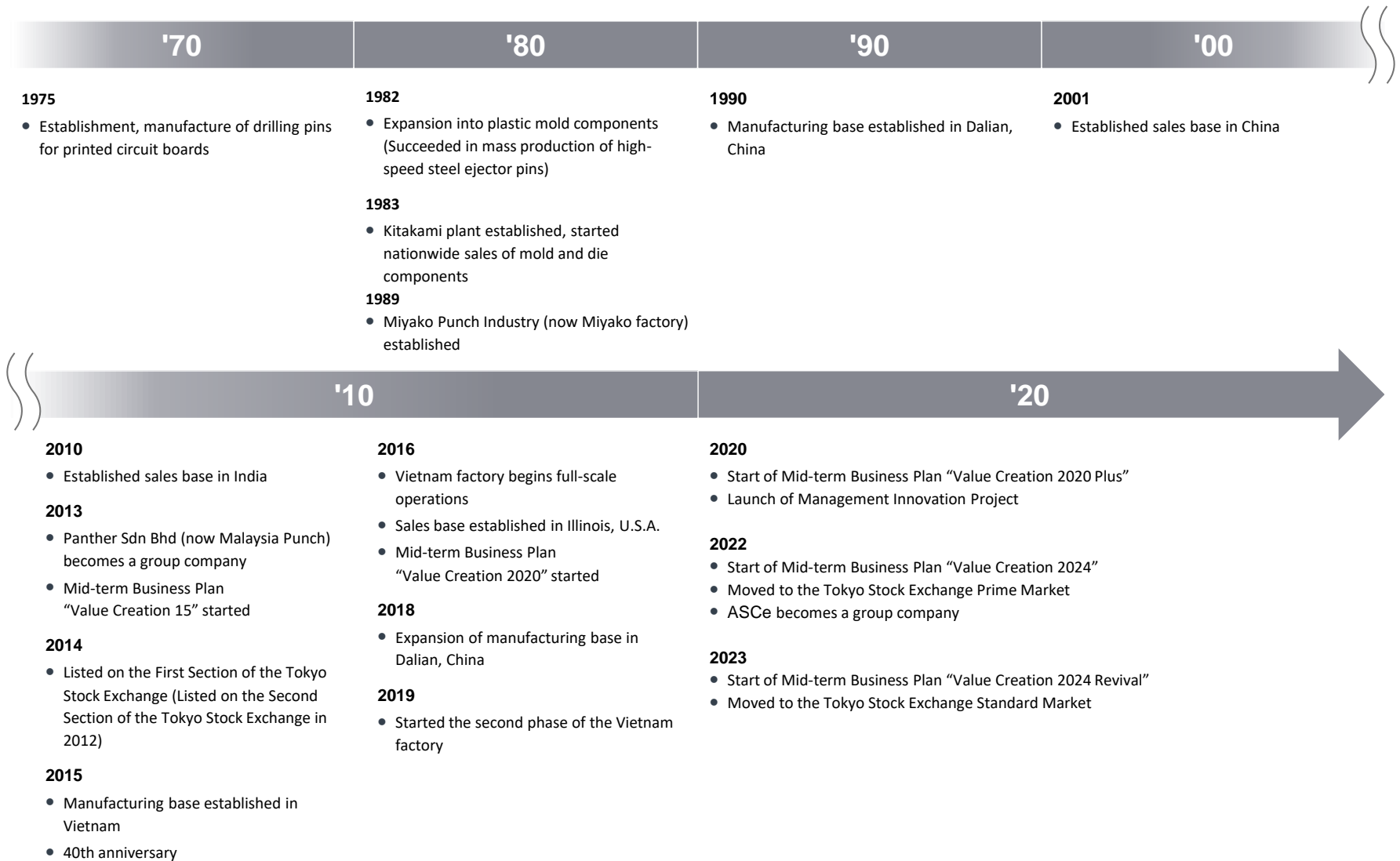
Ratio of Outside Directors



Ratio of Female Directors

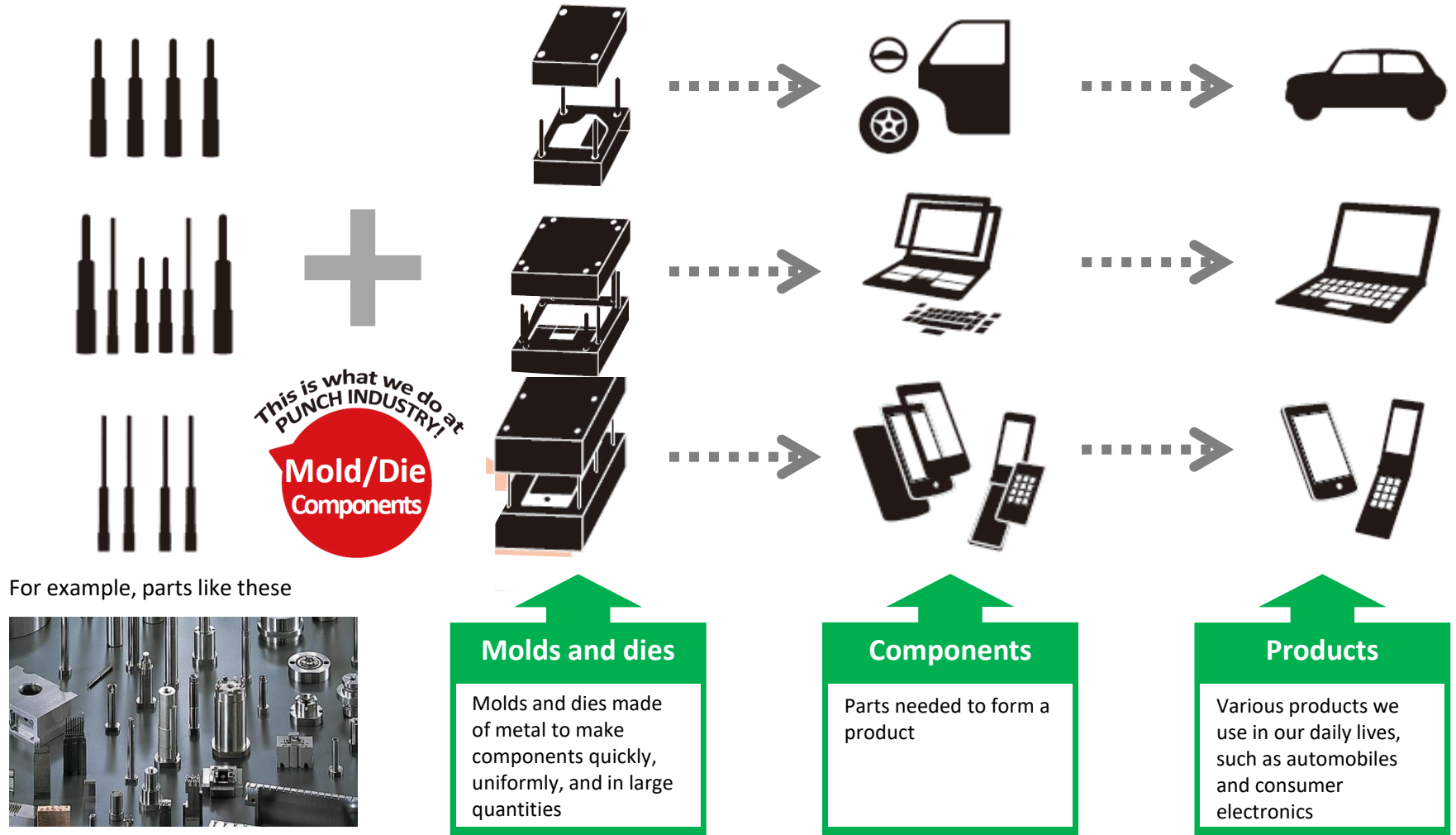


# Punch Group History



# Description of the Business

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



# Punch Group's Core Products

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

## Plastic mold and die components

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



Core product

### Ejector pin

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



Core product

### Core pin

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

## Press die components

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



Core product

### Punch

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



Core product

### Holder guide posts

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



# Characteristics of the Punch Group

## Japan and China

Leading share in special order molds and dies \* Our estimate



**Catalog products**  
Extensive lineup of highly versatile standard products

Speedy solutions

**Special order products**  
Capable of responding flexibly to custom needs

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

**A customer-oriented business structure**  
Meticulous, responsive and capable

### High technical capabilities

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



# Punch Group Strengths and Network

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

## Strengths of the Punch Group

Providing high customer satisfaction

### Catalog products

Extensive lineup of highly versatile standard products



Timely, precise solutions

### Special order products

Capable of responding flexibly to custom needs



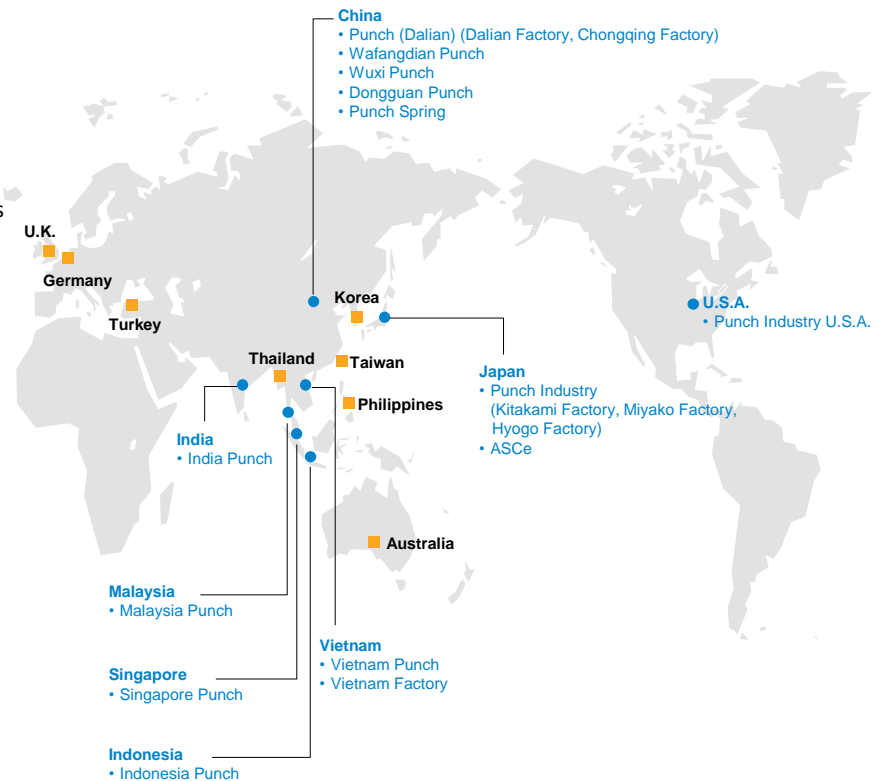
**A one-stop production system**  
with 2,000 units of equipment and wide-ranging support

**A customer-oriented business structure**  
meticulous, responsive and capable

**High technical capabilities**  
Expertise cultivated since the Company's founding, and untiring research and development

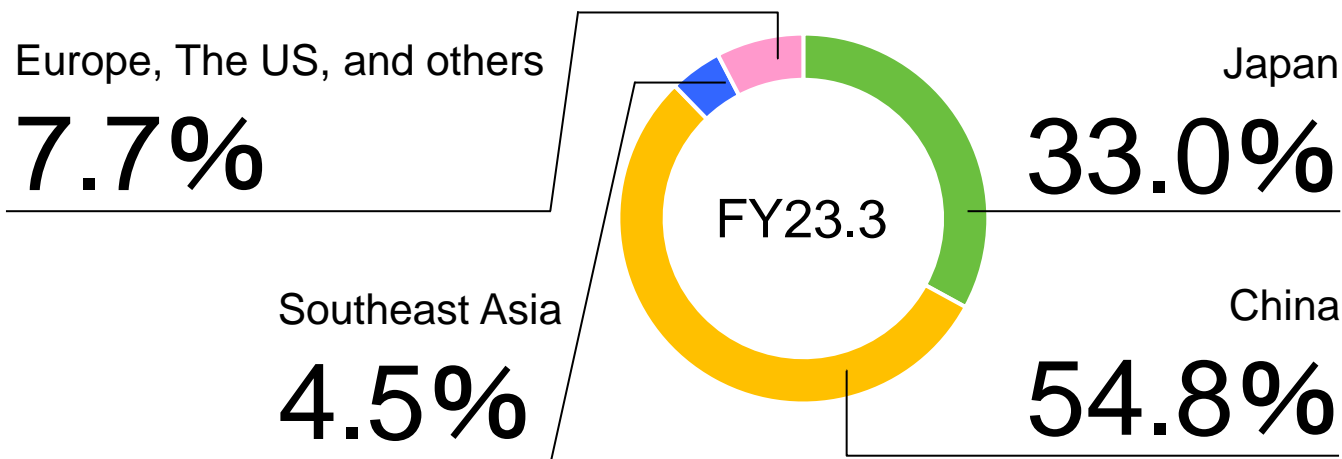
## Punch Group Network

● Group companies ■ Sales offices

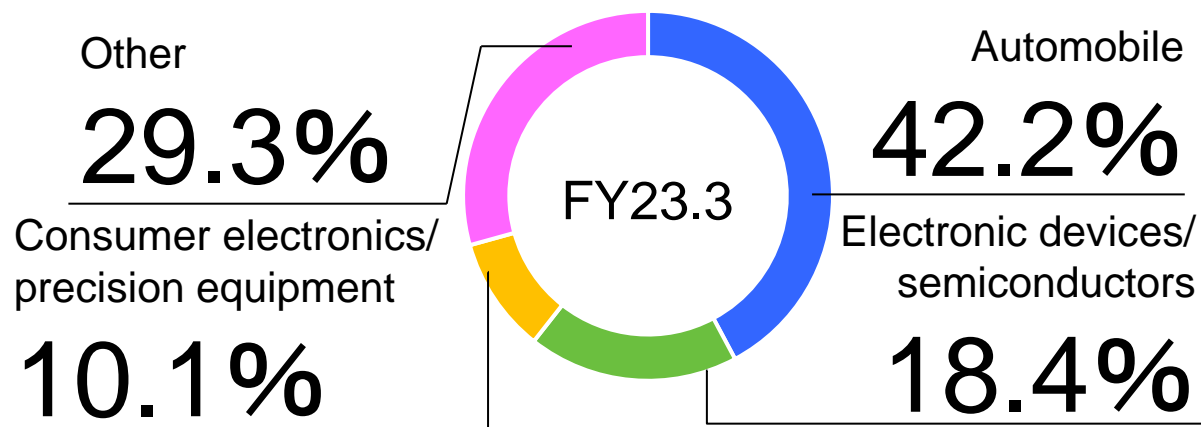


# Composition of Sales by Region and by Industry

## Composition of Sales by Region



## Composition of Sales by Industry

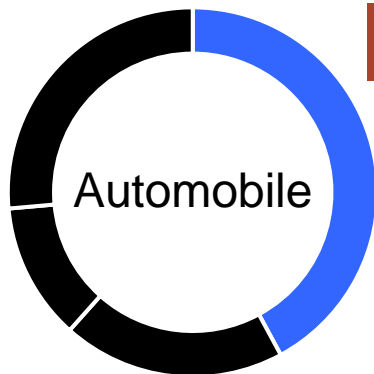


# Major Customers by Industry

**Main rivals in Japan:**

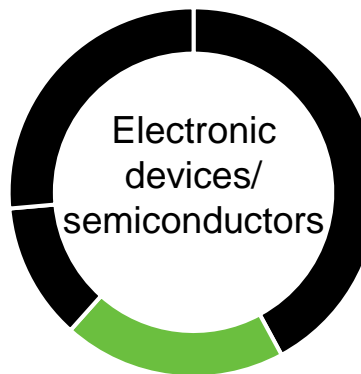
**Major general machinery trading companies, local manufacturers of molds and dies, etc.**

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



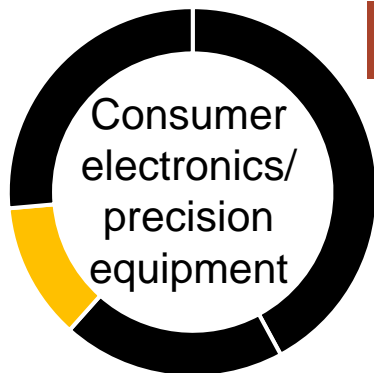
## Major Customers

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



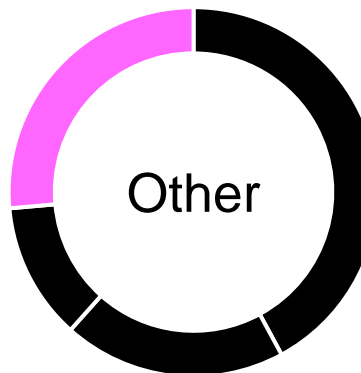
## Major Customers

Electronic device manufacturers  
Semiconductor equipment manufacturers  
Manufacturers of molds and dies



## Major Customers

Consumer electronics manufacturers  
Manufacturers of molds and dies



## Major Customers

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

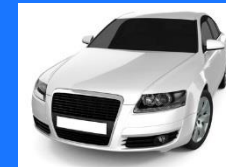




# Image of end users (e.g. Automotive)

Many end users are manufacturers of molds and dies

Automotive manufacturers



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



Manufacturers of molds and dies



Punch Group



# Exhibitions (instance)

Terms		Location		Exhibition
8/29	~ 8/30	USA	Minneapolis	MoldMaking Conference 2023
9/11	~ 9/14	USA	Chicago	FABTECH Chicago 2023
10/6	~ 10/8	Japan	Yokohama	JACLaS EXPO 2023
10/17	~ 10/21	Germany	Friedrichshafen	FAKUMA 2023
10/26	~ 10/27	Japan	Haneda	Ota R&D Fair
11/7	~ 11/10	Germany	Stuttgart	Blechexpo2023
11/9	~ 11/10	Japan	Sapporo	Business EXPO



FABTECH Chicago 2023



Ota R&D Fair

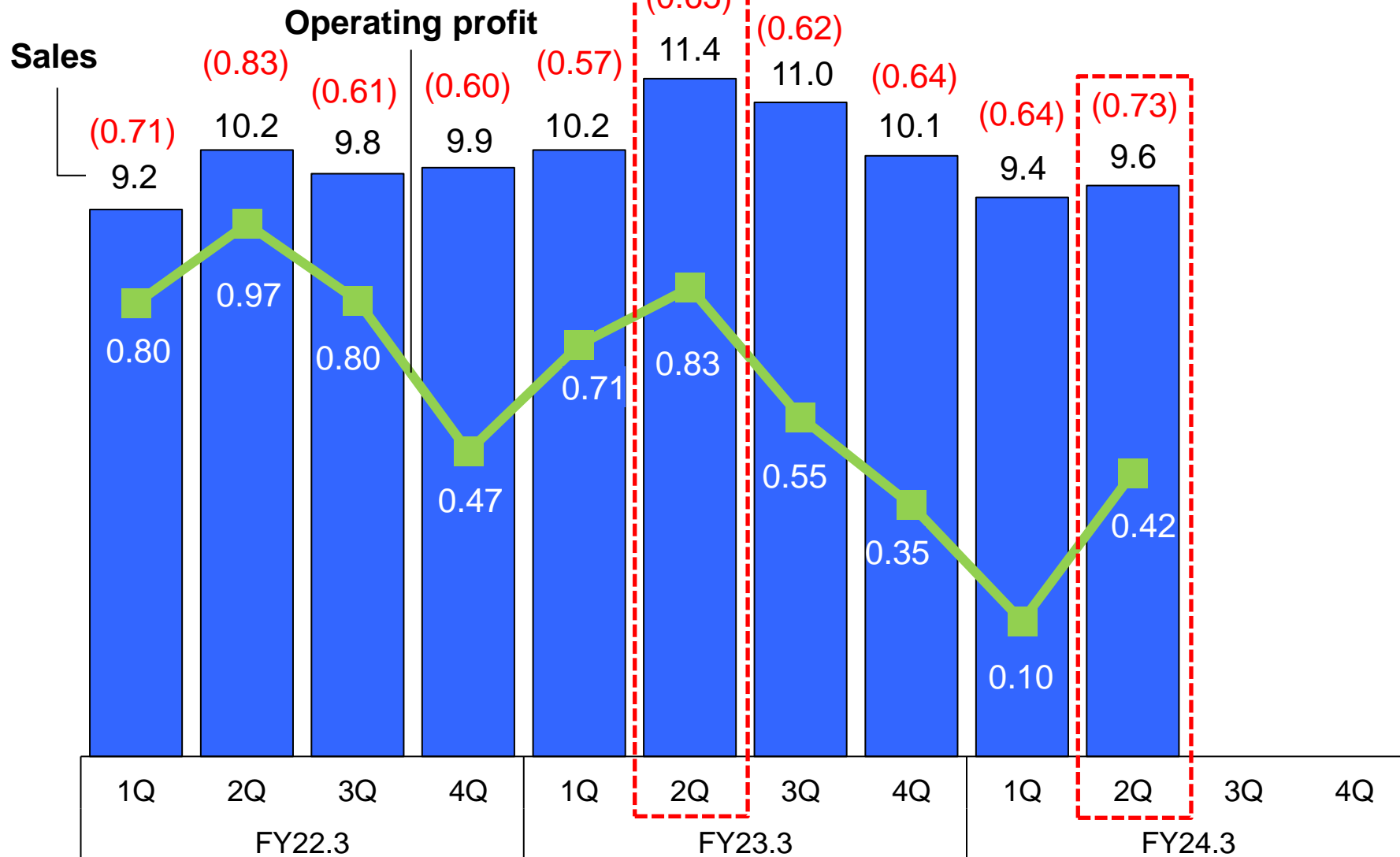


FAKUMA 2023



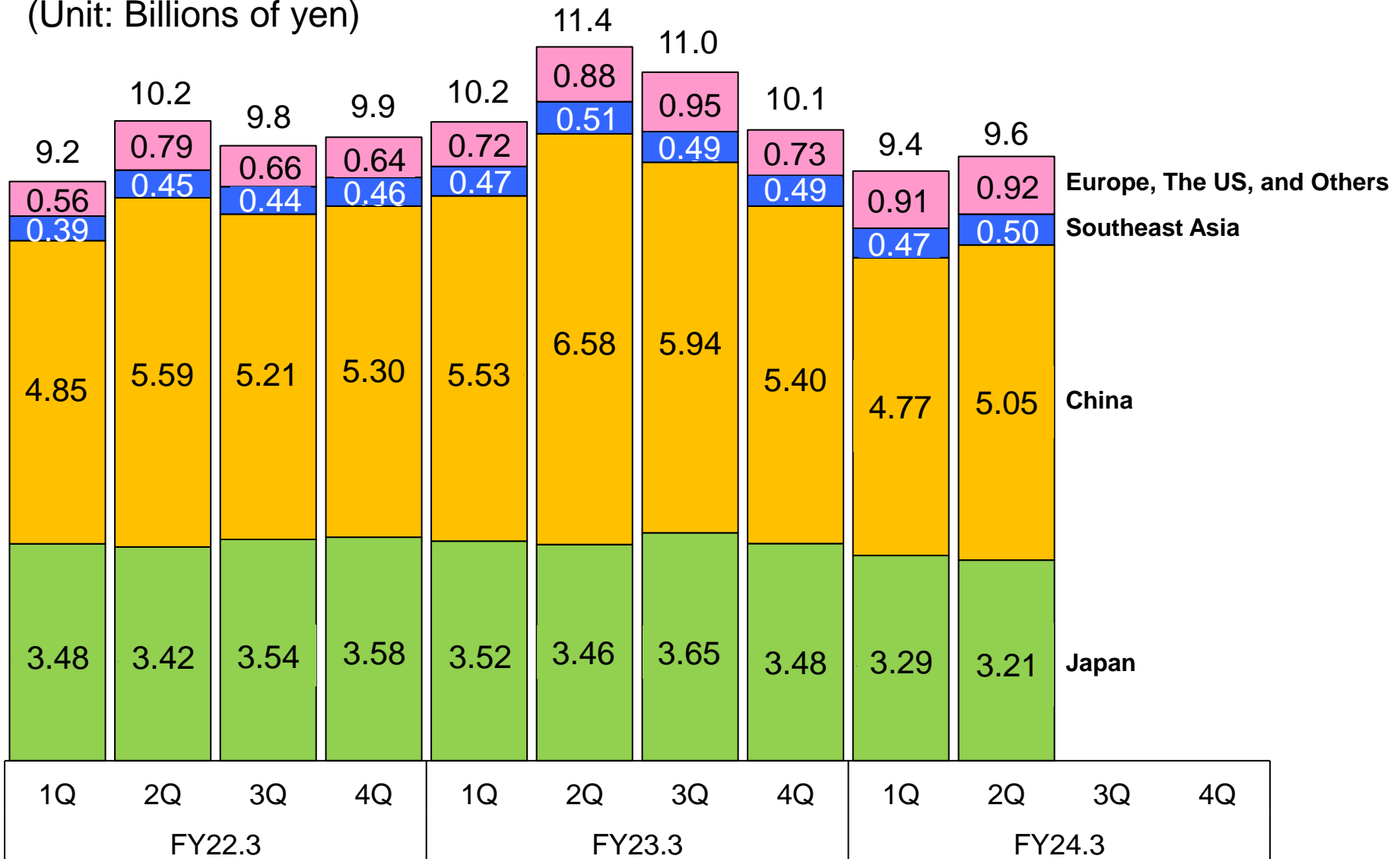
# Sales and Operating Profit

(Unit: Billions of yen)



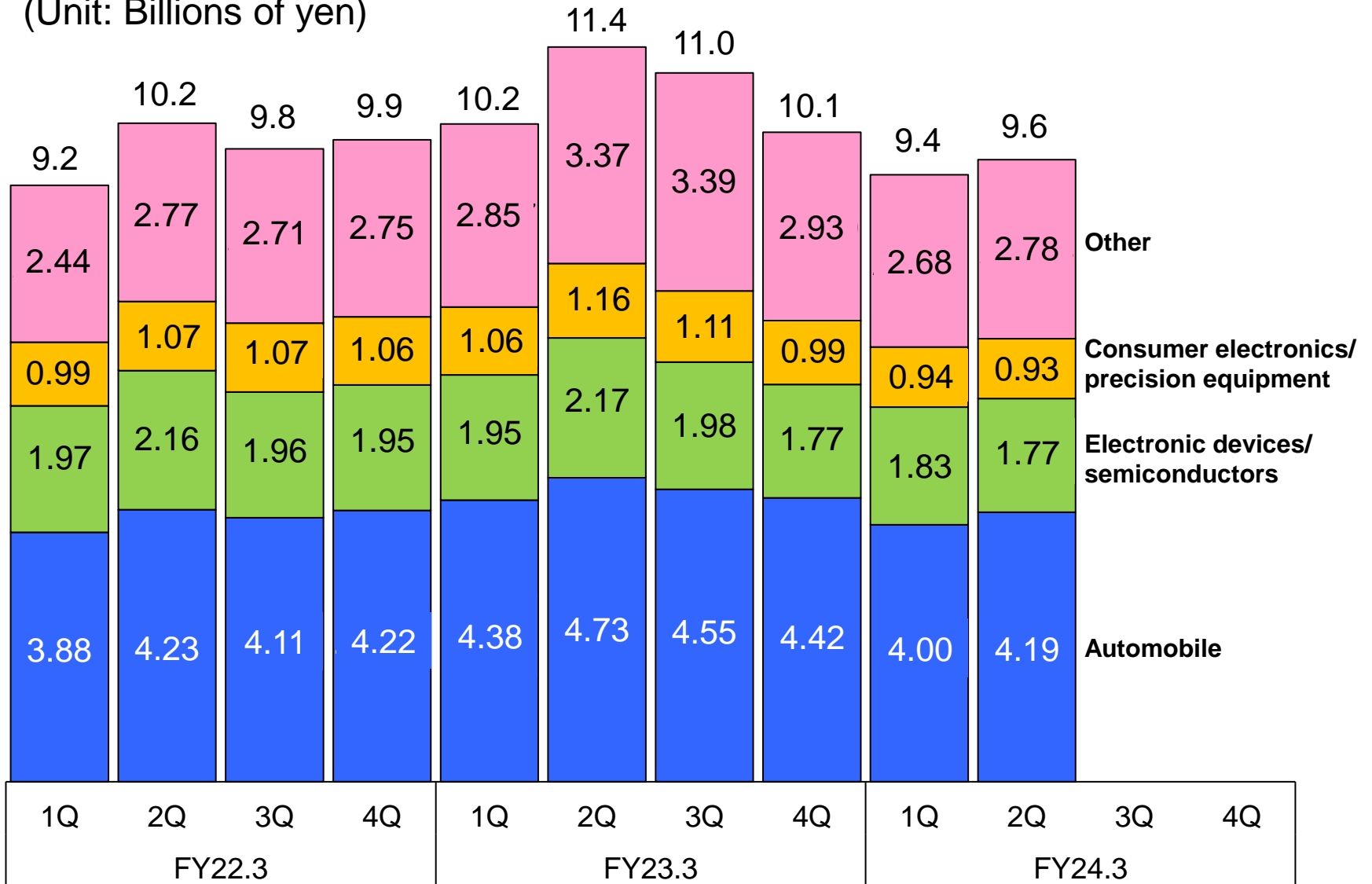
# Sales by Region

(Unit: Billions of yen)



# Sales by Industry

(Unit: Billions of yen)





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#### **Disclaimer Regarding Forward-Looking Statements**

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

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