

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 12, 2024

Company name: PUNCH INDUSTRY CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6165 URL <https://www.punch.co.jp/ir/>
 Representative: Chief Executive Officer Tetsuji Morikubo
 Inquiries: Chief Financial Officer Takao Murata TEL 03-5753-3130
 Scheduled date to file Semi-annual Securities Report: November 13, 2024
 Scheduled date to commence dividend payments: December 12, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	19,989	4.5	692	32.7	606	(25.0)	212	–
Six months ended September 30, 2023	19,120	(11.7)	521	(66.0)	808	(47.0)	(950)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	8.68		8.67	
Six months ended September 30, 2023	(38.87)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	31,861	20,364	63.8
As of March 31, 2024	29,649	18,750	63.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2024	–	10.00	–	9.40	19.40
Year ending March 31, 2025	–	9.80			
Year ending March 31, 2025 (Forecast)			–	9.68	19.48

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	40,800	6.4	1,600	29.0	1,500	5.5	800	–	29.08

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No

(2) Application of special accounting methods for preparing semi-annual consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	24,622,400 shares	As of March 31, 2024	24,622,400 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	109,236 shares	As of March 31, 2024	157,072 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	24,475,467 shares	Six months ended September 30, 2023	24,439,213 shares
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Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	6,031	5,955
Notes receivable - trade	1,735	1,825
Accounts receivable - trade	9,233	10,554
Merchandise and finished goods	2,333	2,483
Work in process	642	883
Raw materials and supplies	1,345	1,314
Other	614	643
Allowance for doubtful accounts	(33)	(81)
Total current assets	21,903	23,579
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,113	6,479
Accumulated depreciation	(4,515)	(4,820)
Buildings and structures, net	1,598	1,659
Machinery, equipment and vehicles	16,960	18,419
Accumulated depreciation	(13,091)	(14,291)
Machinery, equipment and vehicles, net	3,869	4,128
Tools, furniture and fixtures	2,819	3,046
Accumulated depreciation	(2,378)	(2,608)
Tools, furniture and fixtures, net	440	438
Land	741	747
Construction in progress	42	140
Other	525	600
Accumulated depreciation	(370)	(338)
Other, net	155	261
Total property, plant and equipment	6,848	7,375
Intangible assets		
Goodwill	417	392
Other	200	213
Total intangible assets	618	605
Investments and other assets		
Investments and other assets	312	323
Allowance for doubtful accounts	(33)	(23)
Total investments and other assets	278	300
Total non-current assets	7,745	8,281
Total assets	29,649	31,861

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,628	3,590
Electronically recorded obligations - operating	919	567
Short-term borrowings	–	300
Current portion of long-term borrowings	1,351	1,113
Income taxes payable	213	181
Provision for bonuses	302	670
Provision for directors' bonuses	–	3
Other	2,190	2,135
Total current liabilities	7,605	8,562
Non-current liabilities		
Long-term borrowings	2,202	1,702
Retirement benefit liability	825	894
Other	265	336
Total non-current liabilities	3,293	2,933
Total liabilities	10,899	11,496
Net assets		
Shareholders' equity		
Share capital	3,406	3,406
Capital surplus	2,968	2,969
Retained earnings	8,961	8,944
Treasury shares	(76)	(55)
Total shareholders' equity	15,259	15,265
Accumulated other comprehensive income		
Foreign currency translation adjustment	3,491	5,139
Remeasurements of defined benefit plans	(40)	(71)
Total accumulated other comprehensive income	3,451	5,068
Share acquisition rights	14	5
Non-controlling interests	24	25
Total net assets	18,750	20,364
Total liabilities and net assets	29,649	31,861

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	19,120	19,989
Cost of sales	14,085	14,719
Gross profit	5,035	5,269
Selling, general and administrative expenses	4,513	4,576
Operating profit	521	692
Non-operating income		
Interest income	35	35
Foreign exchange gains	216	–
Subsidy income	–	25
Other	61	24
Total non-operating income	313	85
Non-operating expenses		
Interest expenses	20	22
Foreign exchange losses	–	133
Other	5	17
Total non-operating expenses	26	172
Ordinary profit	808	606
Extraordinary income		
Gain on sale of non-current assets	5	0
Total extraordinary income	5	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	9	5
Impairment losses	265	103
Loss on business restructuring	781	–
Retirement benefit expenses	45	–
Loss on liquidation of subsidiaries	323	–
Total extraordinary losses	1,426	108
Profit (loss) before income taxes	(612)	497
Income taxes - current	235	253
Income taxes - deferred	98	28
Total income taxes	334	282
Net Profit (loss)	(946)	215
Profit attributable to non-controlling interests	3	2
Profit (loss) attributable to owners of parent	(950)	212

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net Profit (loss)	(946)	215
Other comprehensive income		
Foreign currency translation adjustment	731	1,646
Remeasurements of defined benefit plans, net of tax	45	(31)
Total other comprehensive income	777	1,615
Comprehensive income	(169)	1,830
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(168)	1,828
Comprehensive income attributable to non-controlling interests	(0)	1

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(612)	497
Depreciation	572	594
Impairment losses	265	103
Amortization of goodwill	24	24
Increase (decrease) in retirement benefit liability	(335)	24
Increase (decrease) in Provision for directors' bonuses	–	3
Increase (decrease) in provision for bonuses	142	351
Increase (decrease) in allowance for doubtful accounts	(6)	32
Interest and dividend income	(35)	(35)
Interest expenses	20	22
Foreign exchange losses (gains)	(199)	132
Loss (gain) on sale and retirement of non-current assets	4	5
Decrease (increase) in trade receivables	827	(194)
Decrease (increase) in inventories	356	(26)
Increase (decrease) in trade payables	(469)	78
Increase (decrease) in accounts payable - other, and accrued expenses	622	(534)
Subsidy income	–	(25)
Other, net	(171)	(112)
Subtotal	1,006	940
Interest and dividends received	35	35
Interest paid	(31)	(23)
Subsidies received	–	25
Income taxes paid	(362)	(345)
Net cash provided by (used in) operating activities	648	632
Cash flows from investing activities		
Net decrease (increase) in time deposits	(0)	(50)
Purchase of property, plant and equipment	(515)	(379)
Proceeds from sale of property, plant and equipment	16	1
Purchase of intangible assets	(14)	(36)
Long-term loan advances	(0)	(1)
Proceeds from collection of long-term loans receivable	2	2
Payments of leasehold and guarantee deposits	(6)	(55)
Proceeds from refund of leasehold and guarantee deposits	8	46
Other, net	0	5
Net cash provided by (used in) investing activities	(508)	(466)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,252)	300
Proceeds from long-term borrowings	3,400	–
Repayments of long-term borrowings	(592)	(730)
Repayments of installment payables	(42)	(4)
Repayments of lease liabilities	(66)	(73)
Redemption of bonds	(5)	–
Dividends paid	(317)	(229)
Other, net	0	0
Net cash provided by (used in) financing activities	1,123	(738)
Effect of exchange rate change on cash and cash equivalents	201	445
Net increase (decrease) in cash and cash equivalents	1,463	(126)
Cash and cash equivalents at beginning of period	5,212	6,003
Cash and cash equivalents at end of period	6,676	5,877