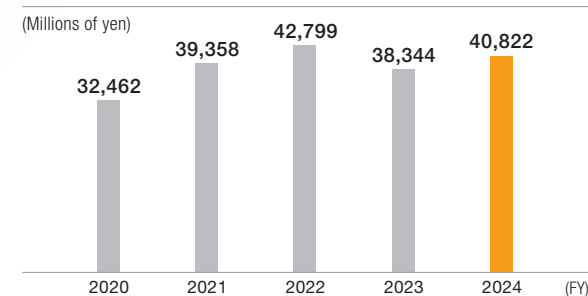
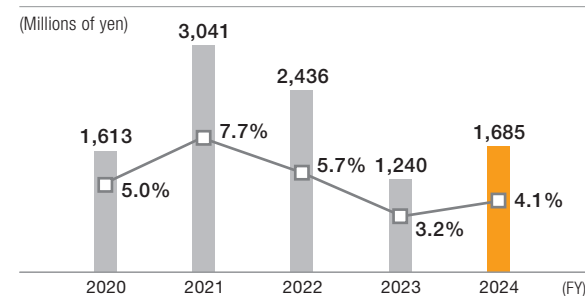


# Performance Highlights

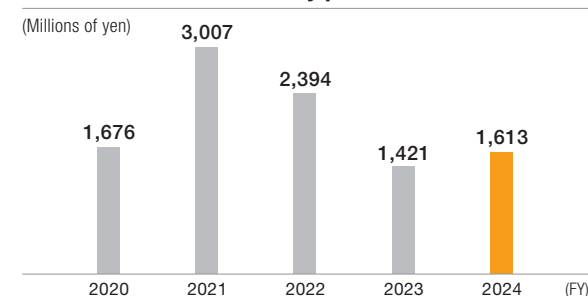
## Net sales



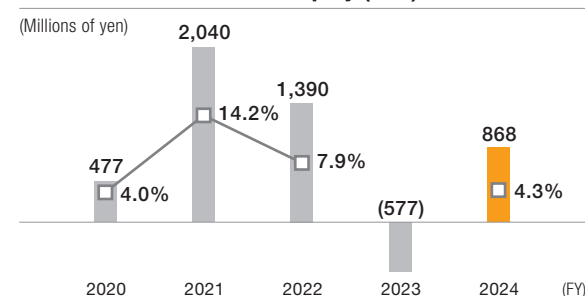
## Operating profit/Operating profit ratio



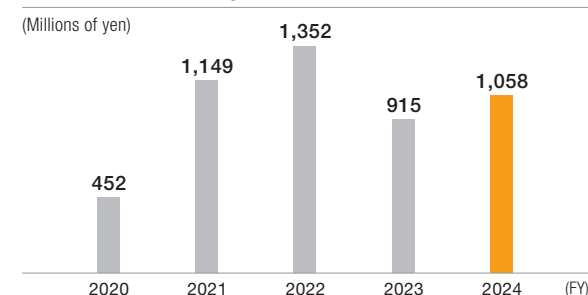
## Ordinary profit



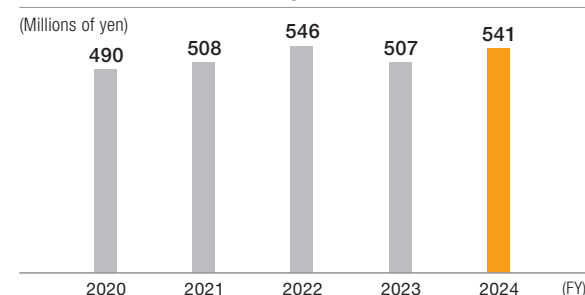
## Profit (loss) attributable to owners of parent/ Return on equity (ROE)



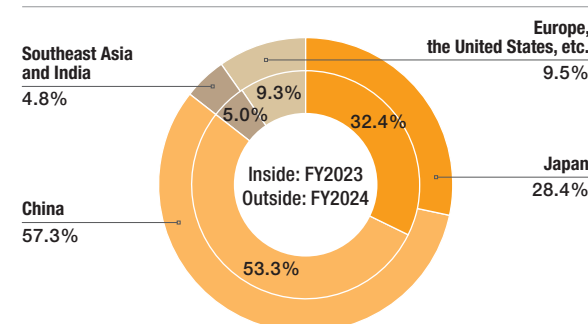
## Capital investments



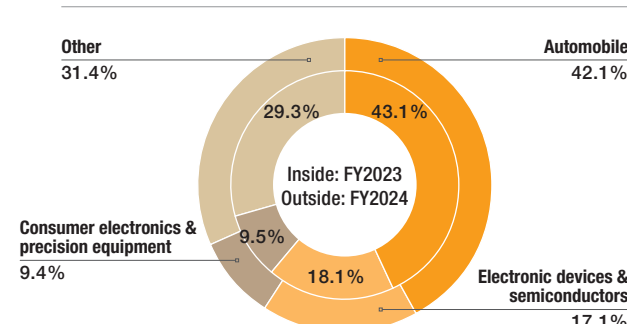
## R&D expenditure



## Sales by region



## Sales by industry



## Inquiries

**PUNCH INDUSTRY CO., LTD.**  
Corporate Strategy Planning Office, IR&PR Division  
Phone: +81-3-5753-3130  
E-mail: [info-corp@punch.co.jp](mailto:info-corp@punch.co.jp)

## Disclaimer Regarding Forward-Looking Statements

This annual 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.



# ANNUAL REPORT 2025

SUPPORTING PRODUCT MANUFACTURING AROUND THE WORLD





After our management rationalization, we are still in the process of strengthening our internal structure and achieving a full performance recovery. Our alliance with the MISUMI Group Inc. is expected to drive short-term profitability gains and, in the longer term, establish a collaborative framework for global business expansion.

Tetsuji Morikubo  
Representative Director, President, Chief Executive Officer

In fiscal 2024, we posted year-on-year increases in sales across all categories—automobiles, electronic devices and semiconductors, consumer electronics and precision equipment, and other. In China, where sales declined in fiscal 2023, our performance recovered to the strong level seen in fiscal 2022. In Southeast Asia, we performed well in Vietnam and Malaysia, and we also enjoyed growth in India and Europe. By contrast, sales in Japan fell ¥820 million year on year, prolonging the domestic slump. Of the ¥2.4-billion year-on-year increase in net sales, ¥1.86 billion was attributable to the weaker yen. Excluding Japan and the impact of exchange rates, overseas Group companies together posted a sales increase of approximately ¥1.4 billion on a local-currency basis. While net sales exceeded our target, operating profit fell short of expectations. This was mainly due to higher costs from persistently elevated material prices and outsourcing expenses, despite the benefits of management rationalization. In addition, price competition for mold and die components in China intensified, driven largely by price-cutting in the automobile market.

Given the need to restructure our domestic operations and respond to our performance slowdown in China in fiscal 2023, we revised our mid-term business plan and formulated Value Creation 2024 Revival in July 2023. In October of that year, we streamlined our parent-company operations from a workforce of 900 to 700 and subsequently liquidated Pintec Corporation, a domestic Group company, as part of our management rationalization efforts. These measures were aimed at shifting production of standard products, which is unprofitable at domestic plants, to overseas facilities while focusing domestic plants on special-order products to strengthen our earning power. This shift of production overseas, mainly to Vietnam, progressed smoothly, but the period immediately following our management rationalization saw a sharp increase in delivery adjustments and delays, causing concern and inconvenience to our customers. While the situation had largely stabilized by around February 2024, we are still unable to supply some standard products on the same delivery schedules as before.

Against this backdrop, in October 2024, we entered into a capital and business alliance agreement with the MISUMI Group Inc. Our aim is to ensure a stable supply of mold and die components to our customers, contribute to the prosperity of the mold and die

component industry as a whole, and ultimately benefit society. We will leverage the MISUMI Group's leading digital technologies and reliable, global, short-lead-time supply capabilities with the Punch Group's advanced precision machining technologies and attentive responsiveness to customer needs. By maximizing these respective strengths and generating synergies, we will work together to help improve the performance of both companies. Together we have established multiple joint task forces that are engaged in concrete discussions leveraging each company's strengths across a wide range of metal-processing fields—not only mold and die components but also standard and special-order products for automated equipment and related parts. By effectively utilizing our logistics infrastructures and other complementary and reinforcing measures, we aim to improve profitability in the short term through mutual product supply within Japan while expanding business globally over the long term.

Long-term vision: Vision60

Under VC2024, our mid-term business plan formulated in March 2022, we set forth the theme of harnessing “automation and labor-saving demand as a new growth engine” and declared our intention to strengthen special-order products in the Factory Automation (FA) field, setting a fiscal 2024 sales target of ¥5 billion for such products. Although sales grew to ¥3 billion, the result was well short of the target. One factor is that our employees and existing customers continue to strongly associate Punch Industry with mold and die components. To expand orders for special-order FA products, we need to change this perception. Marking our 50th anniversary and looking ahead to the next decade, we formulated our long-term vision, Vision60. Under this vision, we set forth our aspiration of “breaking away from dependence on mold and die components.” On the basis of this policy, the Punch Group aims to push the boundaries of its business territories and be a corporate group that meets the diverse needs of an ever-changing society.

Over the next 10 years, we will implement three mid-term business plans: the first positioned as the “period of improved profitability,” the second as the “period of developing FA, new business, and new regions,” and the third as the “period of growth of FA, new business, and new

regions.” In the first phase, to start in fiscal 2026, we will accelerate the shift of domestic plants toward focusing on special-order products—an initiative also set forth in VC2024 Revival—and work to improve profitability. In China, falling automobile sales prices have led to intensified price competition for mold and die components, which has worsened our cost ratio. In response, we are optimizing personnel allocation, improving productivity, and reducing the cost ratio, leading to signs of improvement. The Chinese government provides considerable support to growth industries by lowering barriers to entry and rapidly increasing the number of companies to encourage competition. As a result, only the truly strong companies survive. Electric vehicles are a prime example of the Chinese government's policy. We recognize that the Punch Group is likewise honing its capabilities in this challenging market environment. We will continue reinforcing our price competitiveness, which has become a key source of strength.

To our stakeholders

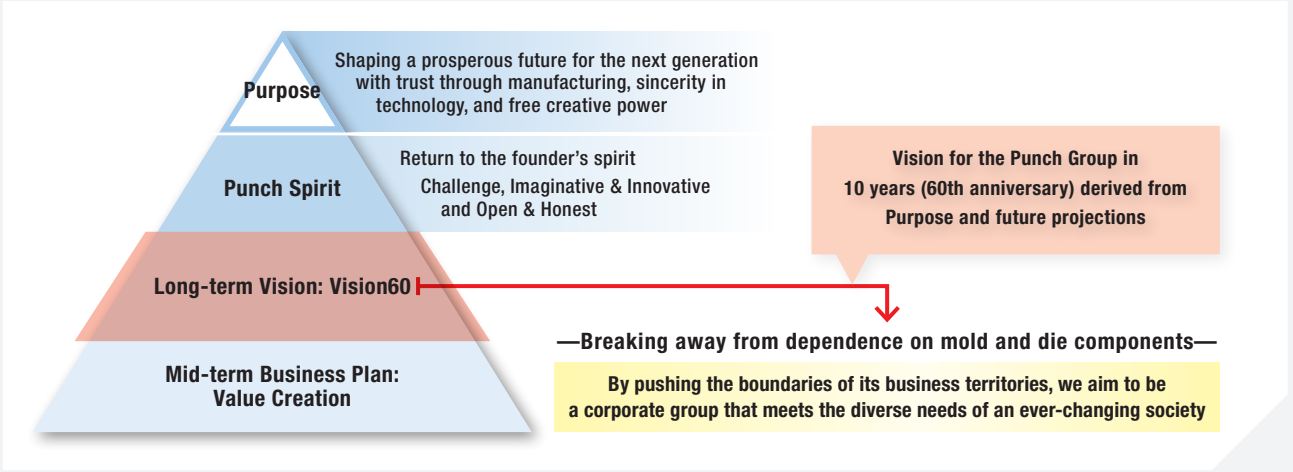
In fiscal 2025, we forecast net sales of ¥39.8 billion (down 2% year on year), operating profit of ¥1.1 billion (down 32%), and profit attributable to owners of parent of ¥100 million (down 79%). With the yen expected to strengthen, we anticipate a ¥900-million decline in net sales when

converted to yen on consolidation. However, excluding foreign exchange effects, we project revenue growth on a local-currency basis.

The main reason for our profit deterioration is that fully strengthening our domestic operations will take more time. After our management rationalization, employee turnover was higher than expected. Until we rebuild to a 700-person workforce, we expect to incur upfront costs from increased staffing. In addition, we anticipate some fluctuations in our customers' production volumes in various countries. This is due to concerns over a continued rise in the cost ratio from ongoing price competition in China, as well as policy shifts under the new U.S. administration.

To welcome our 50th anniversary, in August 2024, we announced our Purpose—“Shaping a prosperous future for the next generation with trust through manufacturing, sincerity in technology, and free creative power”—as a statement for all employees to share and reaffirm the Group's reason for existence. This Purpose was developed by a project team of around 20 young and mid-level employees in various roles and from various locations who distilled what we have valued to date, what we wish to continue valuing in the future, and what society expects from us. To capture the essence of who we are, we insisted that every step—from deciding the process to conducting employee interviews to putting ideas into words—be carried out entirely by employees. By thinking deeply about the value of the existence of the Punch Group, we created a Purpose that resonates with many of our people. Since then, we have noticed a marked increase in positive comments, particularly from the members who were involved in the project.

In formulating the Group's first-ever, 10-year long-term vision, we considered how we want to grow over the next decade. By focusing on the key themes of our Purpose and the Punch Spirit, we reaffirmed our strong commitment to supporting manufacturing worldwide. In addition, we have a sustainability policy of being a company that protects people's lives and the global environment. Under this policy, we will comply with laws and regulations, fulfill our social responsibilities with integrity, enhance the soundness and transparency of management, safeguard the interests of our stakeholders, and continuously enhance corporate value. Our next three mid-term business plans will be based on Vision60, and we will decide on policies and implement measures accordingly. We will continue doing our best to earn your continued support and look forward to your ongoing patronage.





## COO MESSAGE



**Akira Takanashi**

Director, Senior Executive Officer, and Chief Operating Officer

**We will pursue increased corporate value by providing customer satisfaction—with unprecedented structural reforms from an exhaustive spiraling up of cost improvement and differentiation based on the research, pursuit, development, and practical application of new functional values.**

### **Our shift to focusing domestic plants on special-order products to strengthen earning power remains a work in progress**

In fiscal 2024, we posted year-on-year increases in consolidated net sales and profit, but regional results revealed challenges, particularly in Japan, where both sales and profitability remained significant issues. Due to a more-than-expected reduction in personnel as a result of management rationalization, inquiries for special-order products and technical discussions with customers have decreased, leading to a decline in orders. Since the start of fiscal 2025, we have changed our personnel allocation to establish a system enabling us to reinforce our sales activities. Going forward, we will work to strengthen our earning power through lost-order analysis and countermeasures to reduce missed opportunities, as well as sales activities involving engineers.

Under the themes of “redeveloping our production system” and “stabilizing our supply system,” we have nearly completed the transfer of production of standard components for press dies from Japan to our Vietnam Plant. However, production of standard components for plastic molds, formerly handled by Pintec, has yet to return to normal after the transfer, and we are in discussions with partner companies to address the situation. As a structural reform that will radically transform manufacturing, we will launch unprecedented cost reduction activities. In Japan, we are improving manufacturing methods based on successful cases from China and promoting efficiency by sharing information and resources across the Group. We will also visualize individual work efficiency relative to standard man-hours and solidly establish a system for spiraling up those improvements. Targeting sustainable growth, meanwhile, our Vietnam Plant is considering new business plans to address issues like profit generation and skill improvement.

### **Steady progress of new initiatives to expand business domains**

To realize Vision60, we aim to establish businesses in new fields. In an ongoing initiative to strengthen the FA field, we posted a year-on-year increase in FA equipment sales in China, while Group company ASCe CO., LTD., which designs FA equipment, reported growth in both sales and profit. As a parent company, however, we are still in the seeding stage. In fiscal 2025, we plan to install ASCe-made automated equipment at the Kitakami Plant, promoting automation not only for external sales but also within our own operations.

In R&D, our P-Bas® metal-bonding technology has been highly evaluated, with sales surging 309% year on year. Going forward, we will promote this technology globally to expand our customer base. We are already seeing growing interest, including from major plastic products manufacturers, and inquiries have begun to increase. We also contributed as a technology partner to the launch of the YAOKI lunar rover, an initiative led by Dymon Co., Ltd., which became the first private company in the world to successfully photograph and transmit images from the moon (refer to page 06 for details). Dymon has also requested our cooperation on new developments, and our collaboration with the Japan Aerospace Exploration Agency (JAXA), with whom we have a research agreement, now includes joint studies on parts with complex shapes such as rocket engines. In addition, we are expanding partnerships with government agencies and private companies in the aerospace industry. Through our initiatives in that industry, earmarked for renewed growth, we will apply our acquired technologies to both existing and new businesses. Our aim is to become a company that is even more essential to society.

### **Overseas business growth fueled by expansion in Europe**

In China, we are continuing to advance R&D while expanding our product offerings and business domains. To drive growth in Europe, while we do business with companies in about 40 countries, we established at our Japanese head office the Overseas Business Department, which also strengthens coordination between China, Malaysia, and our German distributor. By implementing a sales strategy that includes quantitative target analyses of select countries and customers, we have improved profitability while maintaining steady sales. We are now establishing new sales channels in the United Kingdom. In India, a priority region, we plan to step up local procurement to address cost and delivery challenges related to import sales. We are also considering establishing manufacturing and sales bases in India and other regions.

As we mark our 50th anniversary, we recognize that expanding our business domains is essential for achieving sustainable growth. We view R&D as vital for continuously delivering value-added products and services, and we place particular emphasis on profitability and sustainable growth from a medium- to long-term perspective. We believe the time has come for the entire Group to transform its business model to generate profits across all regions and companies.

## CFO MESSAGE



**Takao Murata**

Director, Senior Executive Officer, and Chief Financial Officer

**Despite higher year-on-year net sales and profit, a delayed domestic performance recovery and a decline in engagement following management rationalization make this the right time to define our Purpose and clarify our vision and reason for existence.**

### **VC2024 Revival and review of fiscal 2024**

Thanks to the economic recovery in China, we posted year-on-year increases in net sales and profit. Our FA business grew slightly, and new areas like P-Bas® and aerospace are also starting to show promising results. Overseas we reported revenue growth in China, Southeast Asia, Europe, the United States, and others, while our domestic business took longer to stabilize following our management rationalization, and its recovery remains a work in progress. Despite ongoing restraint in making capital expenditures, we maintained a very healthy financial position, with a solid equity ratio. Going forward, we believe that taking a slightly more proactive approach to growth investments is possible.

From the perspective of “management that is conscious of cost of capital and stock price,” we were unable to improve our PBR during the period. We recognize that the main factors were (1) a low return on capital and (2) the failure to foster market expectations. Regarding the first point, our domestic performance recovery has been slow, preventing improvements in the operating profit ratio. For the second point, we clarified the Company’s direction by announcing our Purpose and long-term vision, but market expectations for the future depend on tangible improvements in our current performance, and thus we did not achieve the desired outcome. Our foremost priority is to improve our performance by consistently achieving our announced forecasts and mid-term business plan targets, keeping in mind the need to rebuild market trust. Recognizing that we also must clarify our optimal balance sheet and our approach to cash flow allocation, we disclosed our fundamental capital allocation policy. We prioritize growth investments, appropriately execute shareholder returns in accordance with our dividend policy, and optimize liquidity, financial soundness, and our capital structure. We will consider and disclose specific figures as we formulate our next mid-term business plan.

### **Realizing Vision60 and our desired future state**

Following a temporary increase in employee turnover after our management rationalization, we experienced a decline in employee engagement. Therefore, we decided that this moment, marking the Company’s 50th anniversary, was precisely the time to clarify our desired future state and reason for existence. After about six months

of deliberation, we announced our Purpose and the thoughts included in our Purpose in August 2024. Also, in May 2025, we formulated a long-term vision to realize our ideal state. Linking management and human resources strategies, we will focus on human capital management built on three pillars: promoting DE&I (including the empowerment of women), well-being initiatives (such as health management), and talent development. With all employees united in spirit, we are committed to restoring customer trust and rebuilding our business. This initiative, our first ever to consider the future over a 10-year horizon, is a groundbreaking effort.

The Company has earned people’s trust and expanded its customer base by sincerely and steadfastly addressing customer needs. Although our Purpose clearly reflects this commitment, issues with delivery times and quality since our management rationalization have inconvenienced customers, undermining the trust that forms the core of the Company. This is a key challenge. Therefore, we must firmly rebuild our organizational structure, with every employee embodying the sincere commitment expressed in our Purpose to engage with customers and everyone uniting to restore trust.

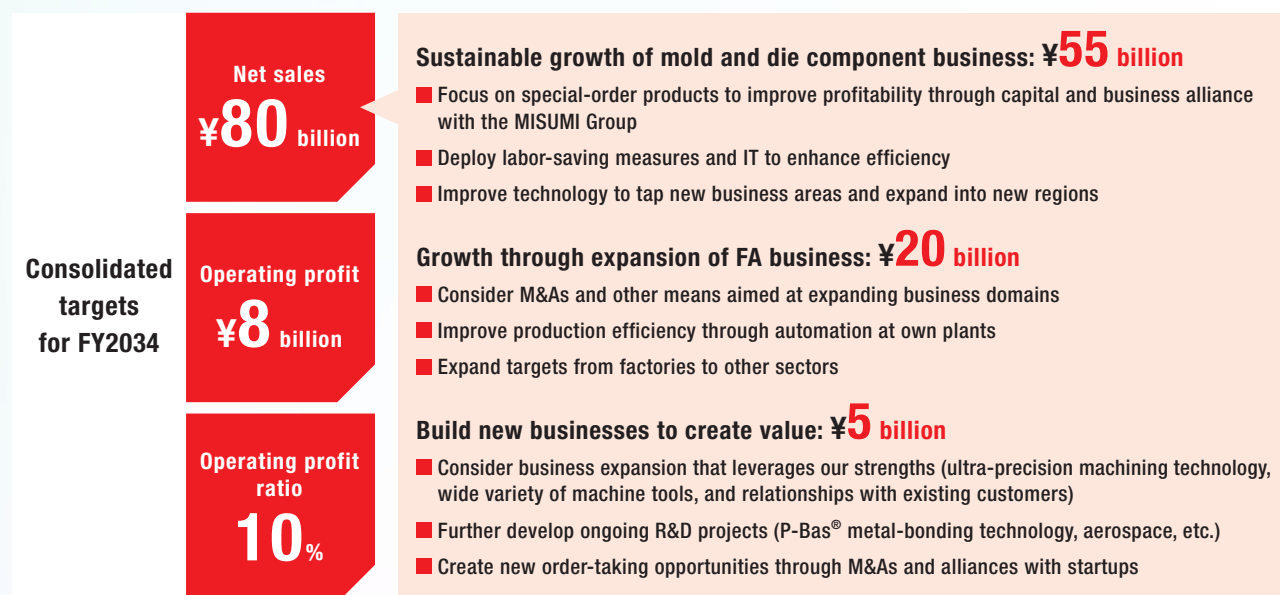
Furthermore, under our next mid-term plan, we will aim to significantly improve profitability and achieve an ROIC that exceeds WACC. To prepare for this, in fiscal 2025, we will start addressing various financial challenges and fully reap the benefits of the management rationalization launched under the previous plan. We will also build a framework to leverage the benefits of our capital and business alliance with the MISUMI Group. We began engaging with the MISUMI Group after years as rivals. Through ongoing dialogue, we discovered that combining MISUMI’s strength in standard products with our expertise in special-order products can yield various benefits. Building on the outcomes of this alliance, we will steadily secure orders in line with fundamental factory reforms designed to reduce costs and strengthen our technological capabilities, with the aim of improving our domestic performance. Meanwhile, as transactions with prominent overseas brands gradually increase, we believe we can enhance our global presence by coordinating with each of our operations to address customer needs meticulously without missing any business opportunities.



## Long-term Vision: Vision60

**Breaking away from dependence on mold and die components—By pushing the boundaries of its business territories, we aim to be a corporate group that meets the diverse needs of an ever-changing society**

We will explore possibilities in businesses that meet the demands of the times. Aiming to expand our businesses, we will also build on existing business foundations to create value that addresses the diverse needs of society.



## VC2024 Revival Achievements and Challenges

Japan	Redevelop sales system	<ul style="list-style-type: none"> <li>Expand sales of special-order products in the FA field Leverage technological capabilities cultivated through our business in special-order mold and die components to focus on expanding value-added equipment business (not only individual parts and assemblages but also units with simple power assistance) → Sales of ¥3 billion, falling short of ¥5 billion sales target for fiscal 2024 set under VC2024, but steady growth in China and by ASCe</li> <li>Establish customer center Worked to improve customer service and increase orders but revised original plan due to delays in recovery measures following management rationalization</li> </ul>
	Redevelop production system	<ul style="list-style-type: none"> <li>Consolidate production bases Transfer of production of standard components for press dies from Japan to Vietnam completed, but enhancing the earning power of domestic parent-company business, which focuses mainly on special-order products, is still a work in progress.</li> <li>Use FA to make factories smarter Share issues and brainstormed ideas for implementation at own production sites with ASCe; plan to introduce automated equipment in fiscal 2025</li> </ul>
	Continue strengthening R&D	<ul style="list-style-type: none"> <li>Warm acclaim for P-Bas® metal-bonding technology leading to increased sales</li> <li>Strengthen our aerospace industry-related business → Please refer to page 06.</li> </ul>
Overseas	China	We plan to evolve from a mold and die component company to a comprehensive machine parts company. The main theme of this change is to leverage resources and technologies cultivated in mold and die component manufacturing to strengthen R&D on components used in FA, aerospace, industrial machinery, and medical devices. Cost structure improvements are underway to address intensified price competition for mold and die components, driven by price-cutting in the automobile market.
	Southeast Asia and India	We will focus on expanding sales of both press die and plastic mold components. Collaboration with our factories in China and Malaysia has led to increased orders for special-order products. Established new office in northern India; in addition to attracting major new clients, we are strengthening domestic procurement of special-order products.
	Europe, the United States, and others	The Cross-lateral European Sales Expansion Project, spearheaded by the Overseas Business Department at our Japanese head office, has been successful. We increased sales and improved profitability in Europe through strengthened collaboration among Group companies and distributors.

## Technology Development and R&D

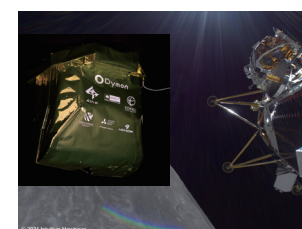
The Punch Industry Group proactively engages in technology development and R&D, the sources of value creation for a manufacturing company.



### Successful moon landing by YAOKI lunar rover with our technological cooperation

February 2025 saw the launch of a rocket carrying the YAOKI lunar rover, developed by Dymon Co., Ltd., with involvement by Punch Industry. Utilizing 3D shape measurement technology, we helped optimize the clearance between the YAOKI flight model and its transport case. The lunar lander carrying YAOKI made a soft landing on the moon on March 7, 2025, Japan time. YAOKI became the first lunar rover developed by a Japanese private company to reach and operate on the lunar surface.

The horizontal landing of the lunar lander on the moon's surface prevented YAOKI from exiting its transport case and traversing the lunar terrain. However, it captured images of the lunar surface from inside the case and transmitted the data. The transport case, for which we contributed to the clearance design, successfully protected YAOKI during its delivery to the lunar surface as planned.



Moon surface photographed from the lunar lander and YAOKI attached to the lunar lander



Lunar surface images captured by YAOKI's onboard camera on March 7, 2025 (Japan time)  
Top left bright area: Crater rim  
Center bottom: Lunar lander's leg



### Order received from Miyako City to make a commemorative plaque for the arrival of its first cruise ship

Facing the sea, Miyako City in Iwate Prefecture, Japan is working to attract cruise ships to call at its port and presents commemorative gifts at ceremonies for ships arriving for the first time. Our Miyako Plant received an order to produce one such item, the "First Cruise Ship Arrival Commemorative Plaque." We were responsible for processing the relief and other metal parts and attaching them to the plaque.

The relief was inspired by Jodogahama seashore, famous in Miyako City. Our processing team used photographs and specialized software to create the design. Many aspects of the process differed from our usual mold and die component manufacturing, changes that presented various challenges. Nevertheless, we held discussions with the software vendor, which helped improve our knowledge related to the regular tasks involved.



Presentation of the commemorative plaque to Miyako City Hall



Commemorative plaque

## Sustainability



### First certification as an Outstanding Organization of KENKO Investment for Health

In March 2025, we were certified for the first time as one of the "2025 Outstanding Organizations of KENKO Investment for Health (large enterprise category)," bestowed jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. This certification reflected recognition of our exemplary efforts to address employee health from a management perspective and implement strategic health management practices. In February 2024, we announced our Health Management Declaration, aimed at realizing an environment where employees can work in good health and in high spirits. We will continue our commitment to health management going forward.



### Health management initiatives

Recognizing that employees' mental and physical health is a fundamental management priority, we promote a workplace that offers both job satisfaction and comfort. We also engage in health maintenance and promotion initiatives, including lifestyle-related disease prevention, mental health support, and women's health programs.

To raise awareness about health, we hold various events to assess employee health, such as vascular age check sessions. Additionally, we promote work-life balance by setting the minimum annual paid-leave days per employee higher than the five days mandated by the Labor Standards Act. We also address issues like reduced productivity and accident risks caused by long working hours.



Vascular age check session