

April 2026 - March 2029

# **FY2027-2029 Mid-term Business Plan** **“Value Creation 28”**

May 13, 2026



**PUNCH INDUSTRY CO., LTD.**

(Security Code: 6165 TSE Standard)



**PUNCH INDUSTRY CO., LTD.**

# Long-term Vision:

– 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

Vision for the Punch Group  
in 10 years (60th  
anniversary)  
derived from purpose and  
future projections



Purpose

Shaping a prosperous future for the next generation with trust through manufacturing, sincerity in technology, and free creative power

Punch Spirit

Return to the founder's spirit  
Challenge, Imaginative & Innovative and  
Open & Honest

Long-term Vision: Vision60

Mid-term Business Plan:  
Value Creation

**Consolidated financial  
result in 10 years  
(FY2035.3)**

Net sales **¥80 billion**

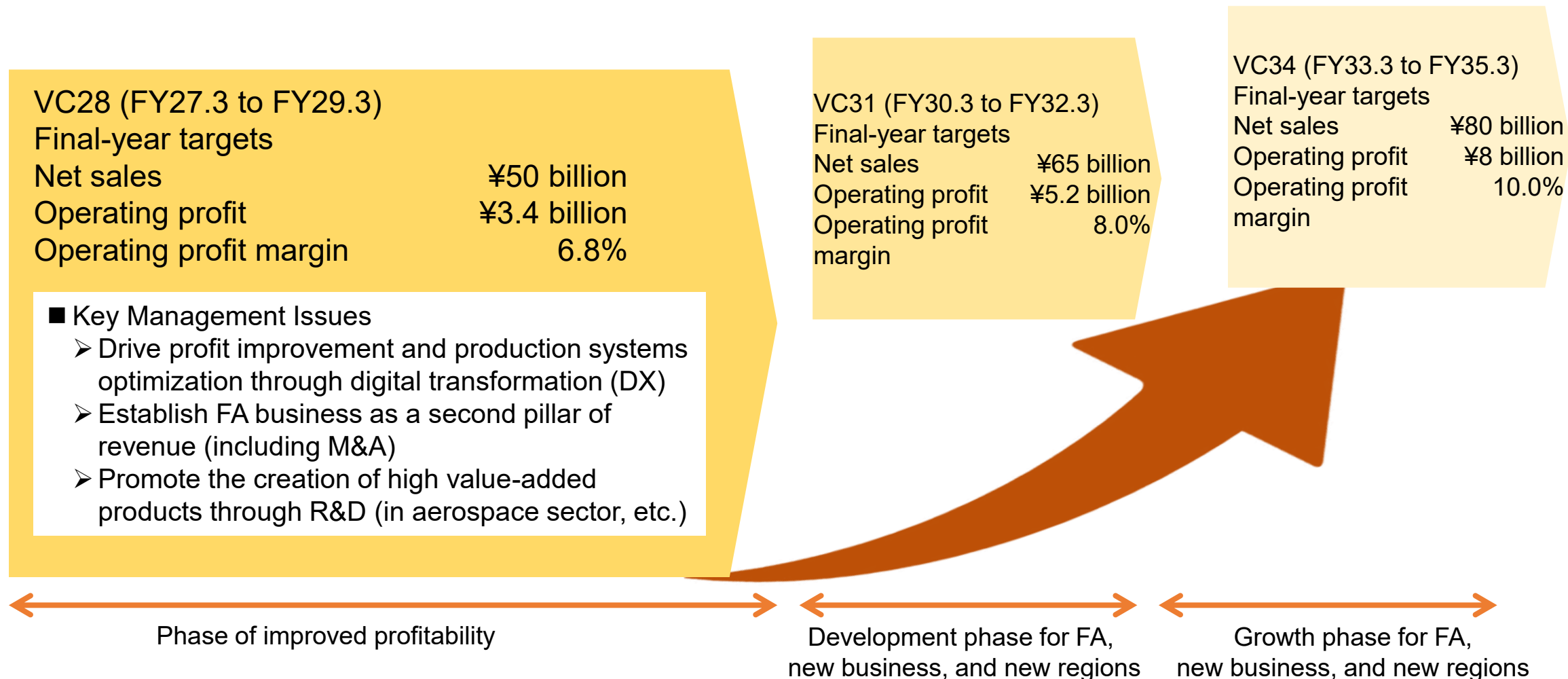
Operating profit **¥8 billion**

Operating profit margin **10.0%**



# Growth Path Vision and Positioning of the Current Mid-term Business Plan “VC28”

Leveraging robust existing businesses to create new value and expand business areas



# Executive Summary of “VC28”

Focus on “improving profitability” and “laying the groundwork for future growth”

Vision for the final year of “VC28”

ROIC is expected to consistently exceed WACC throughout the plan period, and we are aiming for an ROE of 8.0% in the final year

We are aiming to balance the stable cash generation with disciplined growth investments

We are aiming to consistently achieve a PBR of over 1.0 through the sustained enhancement of corporate value

Existing business (mold and die components)

Strengthening a stable cash-generating foundation by specializing in special-order products and improving productivity

FA business

With automation demand on the rise, actively developing this as a second pillar of revenue

DX/back-office operations reform

Boosting profitability through operational efficiency and restructuring fixed costs

M&A and partnerships

Enhancing our business portfolio through complementary investments in growth areas and the creation of synergies





# **Summary of the Previous Mid-term Business Plan and Implications for “VC28”**



# Review of Financial Targets (Consolidated)

Both net sales and operating profit are showing signs of recovery, and profitability metrics are also trending upward

Key Performance Indicators	FY24.3		FY25.3		FY26.3	
	Plan	Result	Plan	Result	Plan	Result
Net sales	¥38.2 billion	¥38.3 billion	¥38.5 billion	¥40.8 billion	¥39.8 billion	¥42.1 billion
Operating profit	¥1.1 billion	¥1.2 billion	¥2.1 billion	¥1.6 billion	¥1.1 billion	¥2.0 billion
Operating profit margin	3.0%	3.2%	5.6%	4.1%	2.9%	4.8%
ROE	-	Recorded a net loss due to implementation of management rationalization	6.3%	5.4%	1.1%	5.0%
ROIC	3.5%	4.5%	6.7%	6.0%	4.0%	7.0%
Equity ratio	60% or more	63.1%	60% or more	66.7%	60% or more	67.3%

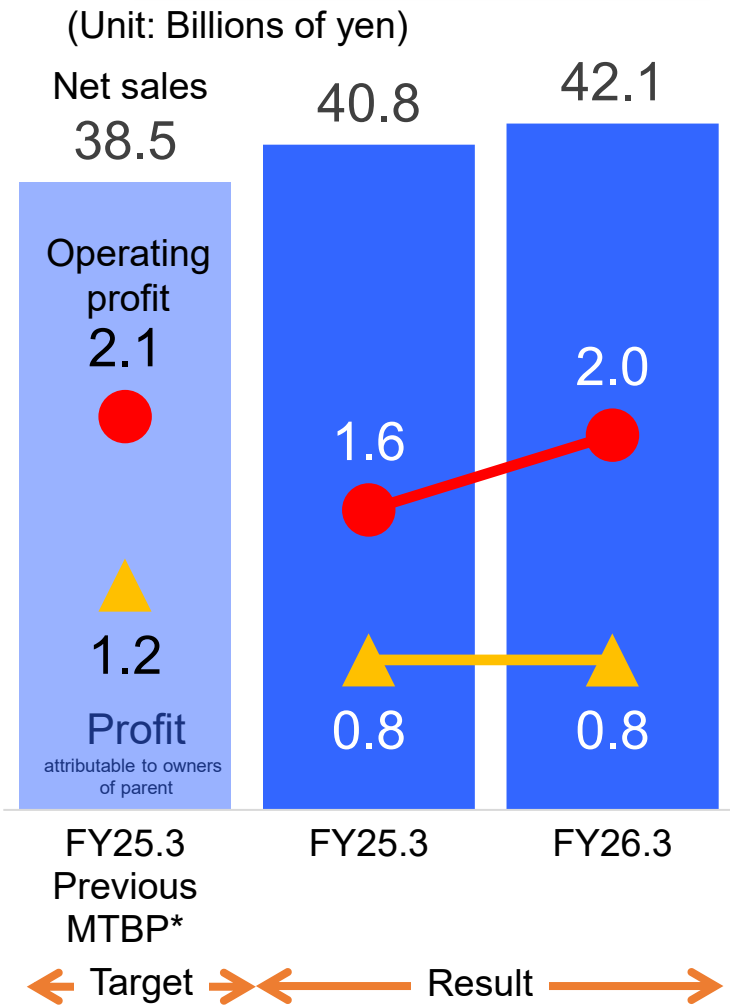
\*The previous Mid-term Business Plan, "VC24 Revival," covers the fiscal years ended March 2024 and March 2025.

\*Due to the need to assess the effects of the capital and business alliance, no mid-term plan has been formulated for the fiscal year ended March 2026 and the plan figures are based on forecasts at the beginning of the fiscal year.

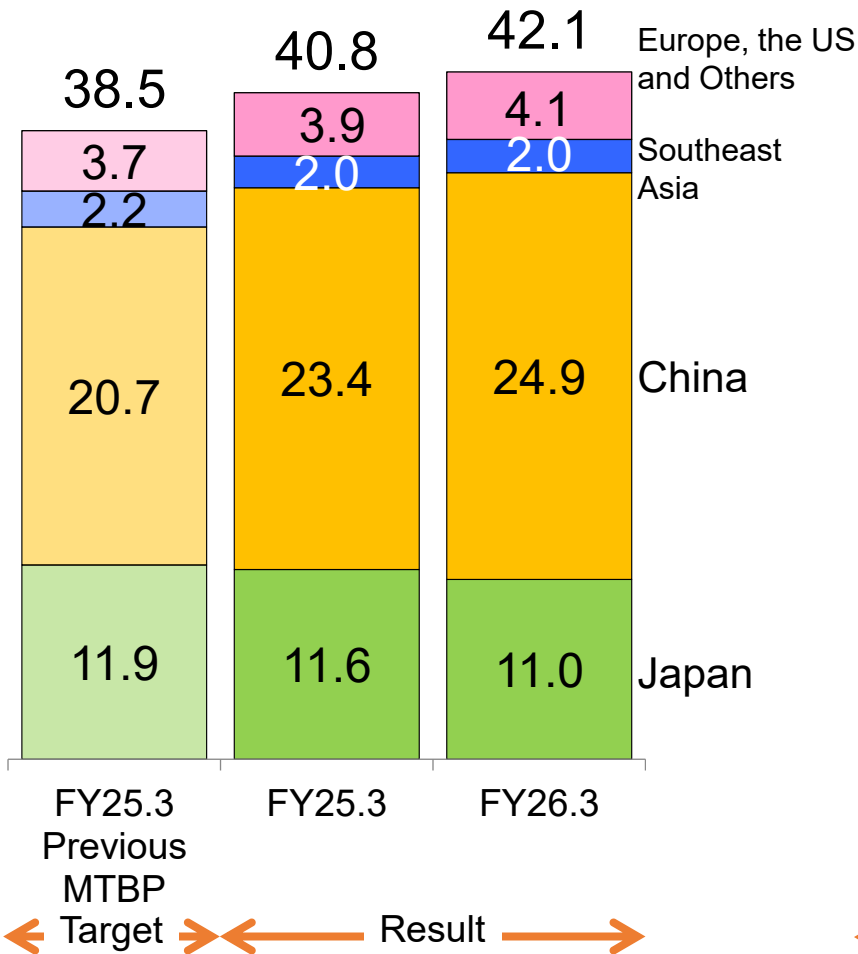


# Review of Financial Targets (by Region and Industry)

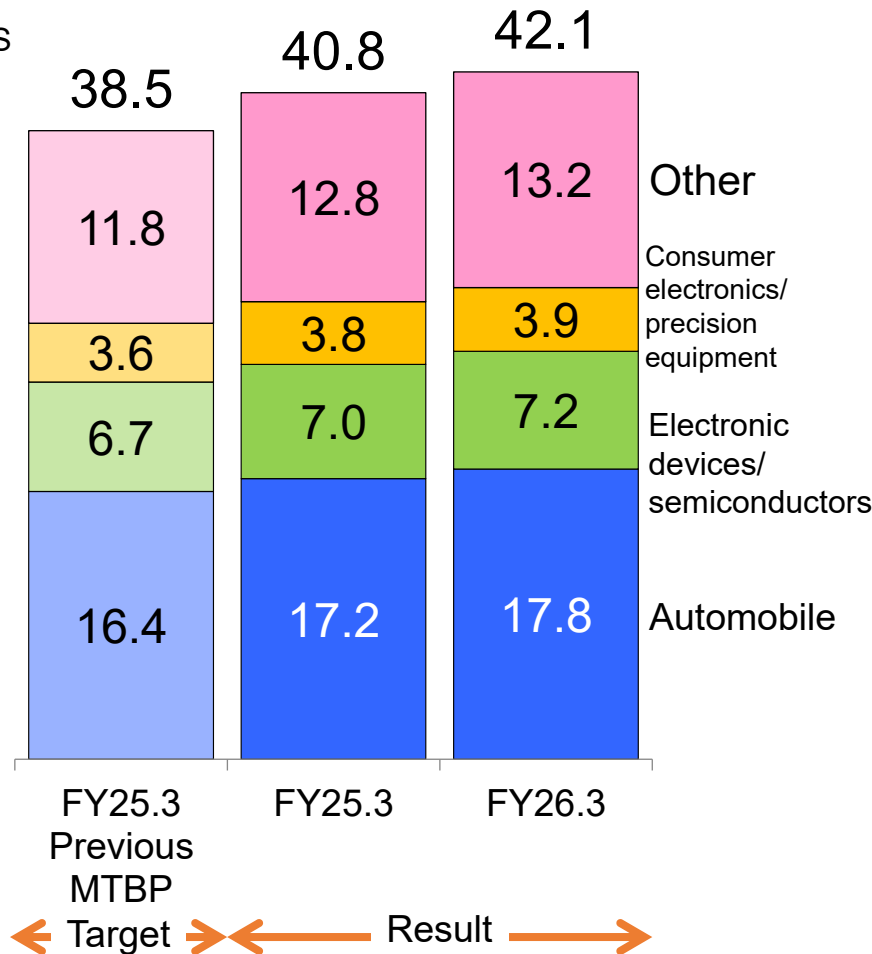
**Consolidated sales and profit**  
[Operating profit recovery trend]



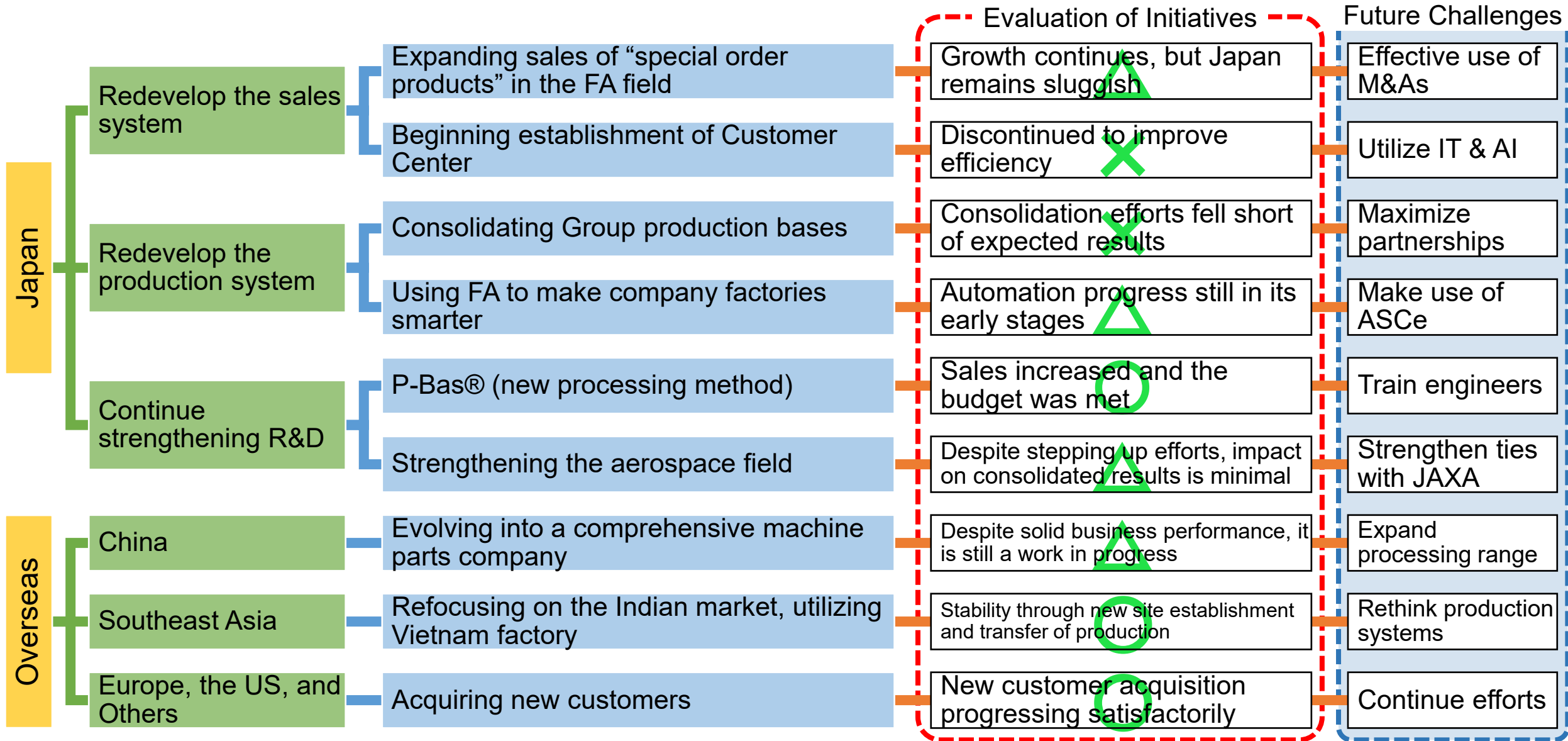
**Sales by region**  
[China is thriving while Japan is sluggish]



**Sales by industry**  
[Strong automobile sales in China]



# Review of Key Initiatives From Previous Mid-term Business Plan







# Identifying Business Opportunities and Defining Our Vision



# Business Opportunities and Risks Facing the Punch Group (External Environment)

## P

### Political

- Persisting U.S.-China tensions
  - Restructuring of supply chain (reducing reliance on China, etc.)
- Stricter environmental regulations in various countries
  - Growing demand for energy-efficient, long-lasting components
- Workplace safety and labor regulations
  - Automation and robotization becoming essential

## S

### Social

- Declining birth rate/aging population and shortage of skilled workers
  - Added value through standardization and easier maintenance
- Orientation towards sustainability
  - Rising demand for recycled-material-compatible and wear-resistant parts
- Sluggish consumer spending
  - Priority placed on capacity utilization and short lead times

## E

### Economic

- Economic trends
  - Market trends in customer industries such as automobiles, consumer electronics, and semiconductors
- Exchange rate fluctuations
  - Impact on import/export costs and profitability
- Raw material costs and labor costs
  - Rising costs due to fluctuations in prices of steel and other materials, coupled with shortage of skilled workers

## T

### Technological

- Accelerating automation, AI, and DX
  - Demand for smart components (sensors and traceability)
- Expansion of semiconductor market
  - Growing demand for ultra-precision, low-thermal-expansion components
- Handling new materials and difficult-to-machine materials
  - Improving surface treatment and hardened material technologies

# Punch Group's Strengths and Challenges (Internal Environment)

## Strengths

- Global sales network and strong brand presence in Japan and China
- Advanced precision machining technology and extensive processing facilities
- Wide-ranging capacity to handle both catalog and special-order products

## Weaknesses

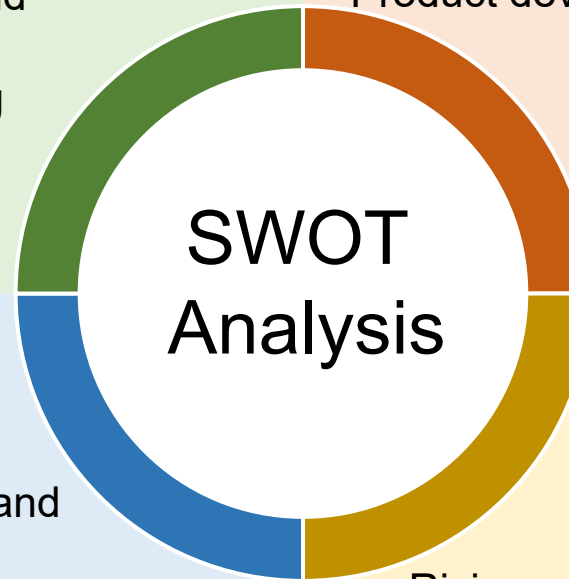
- Decline in sales capabilities due to staffing shortages, and reduced ability to adjust manufacturing prices
- Product development capabilities, passing on skills for high-difficulty processing, and securing talent
- Lagging behind in digital and information utilization

## Opportunities

- Increased demand driven by technological trends such as widespread adoption of EVs and IoT
- Growing demand for high-precision products due to increasingly sophisticated market needs
- Government support for manufacturing and increased demand for automation driven by declining birthrate and aging population

## Threats

- Offshoring of manufacturing and improving quality of overseas products
- Rising costs from sustainability measures, etc. and talent shortages due to declining birthrate
- Geopolitical and exchange rate risks, and rise of tech startups

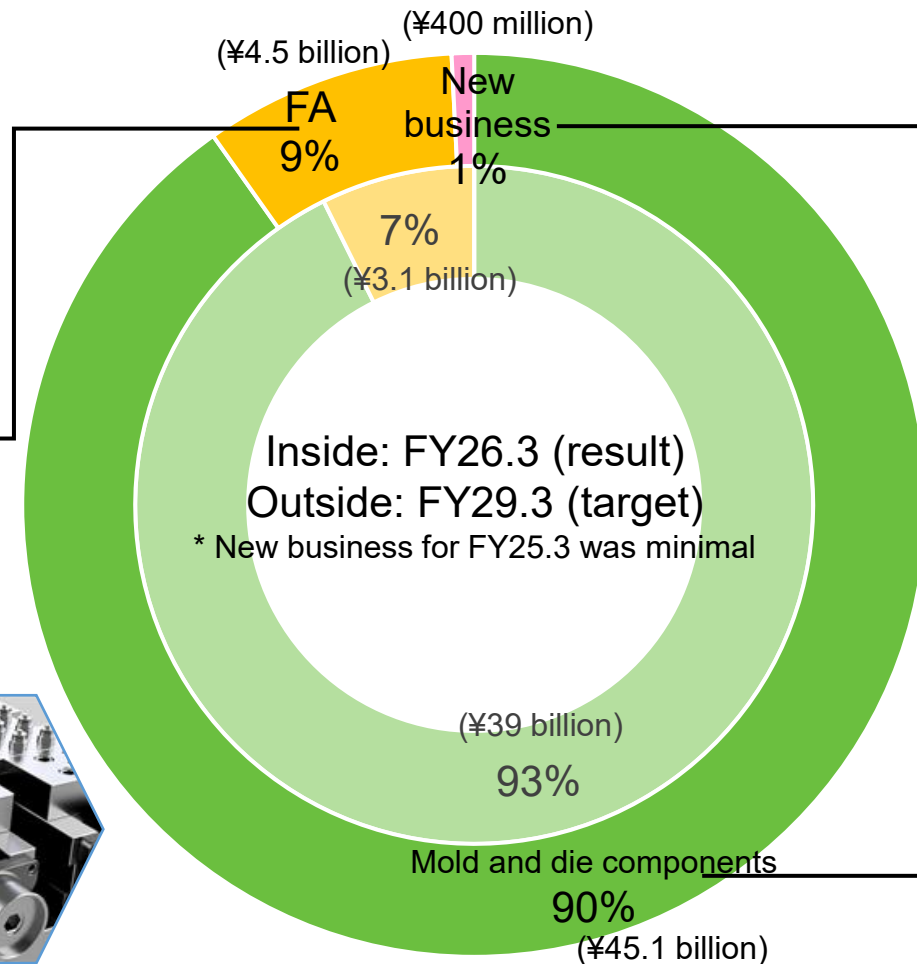


# Business Portfolio Strategy

Exploring business types in tune with the needs of the times  
and expanding business areas

## [Growth Areas] FA Business

- Business role
  - Prioritizing allocation of resources, including M&A, with a focus on automation and labor-saving
- Business strategy
  - Securing growth through deeper cross-selling in existing businesses and acquiring technology via M&A



## [Future Growth] New Business and R&D

- Business role
  - Future growth area with an eye on medium- to long-term growth opportunities, with the goal of establishing it as our third pillar
- Business strategy
  - Optimal utilization of production resources
  - Technology application/evolution and rollout to other customers
  - Promoting development while managing scale of investment

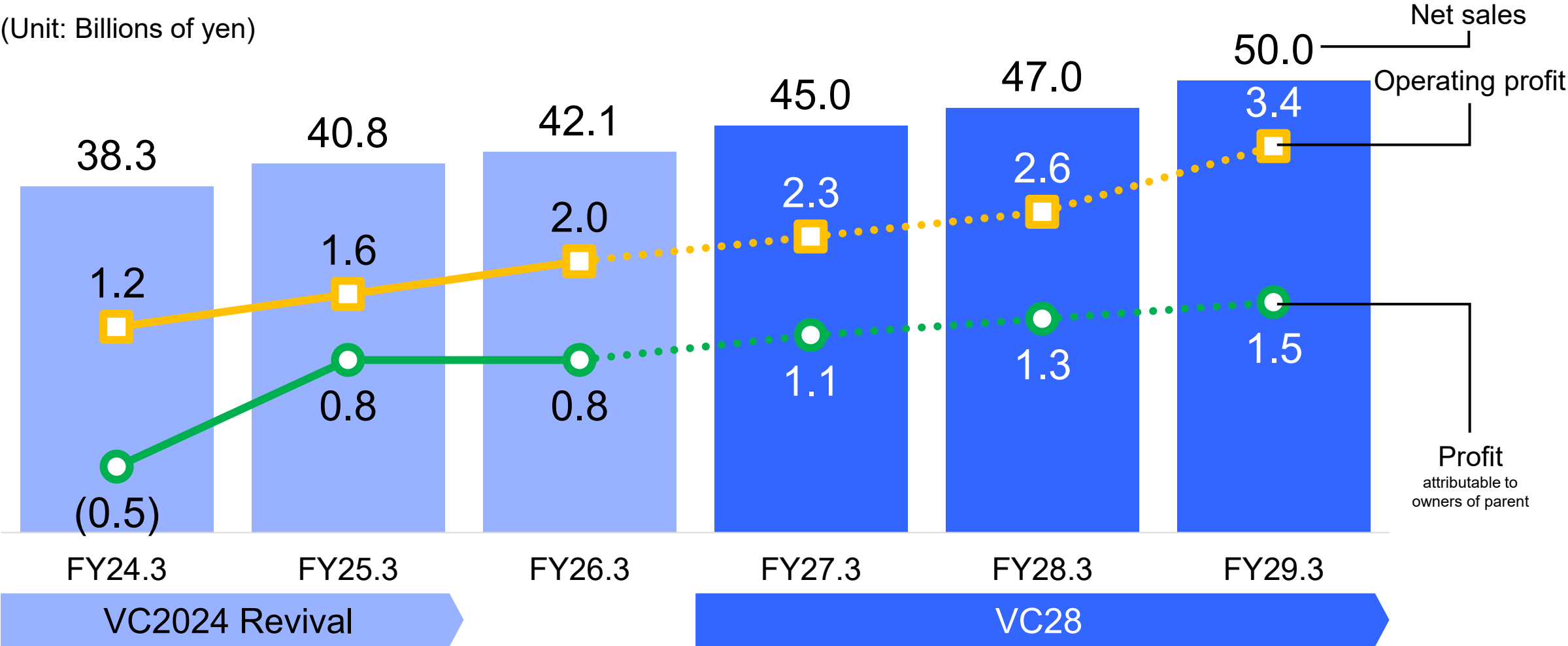
## [Core Business] Mold and Die Components Business

- Business role
  - Revenue base that generates stable earnings on a global scale
- Business strategy
  - Specializing in special-order products
  - Securing orders for precision micro-processed products
  - Improving production efficiency driven by DX



# Quantitative Targets to Be Achieved Within Plan Period

Achieving sustained growth in net sales and operating profit



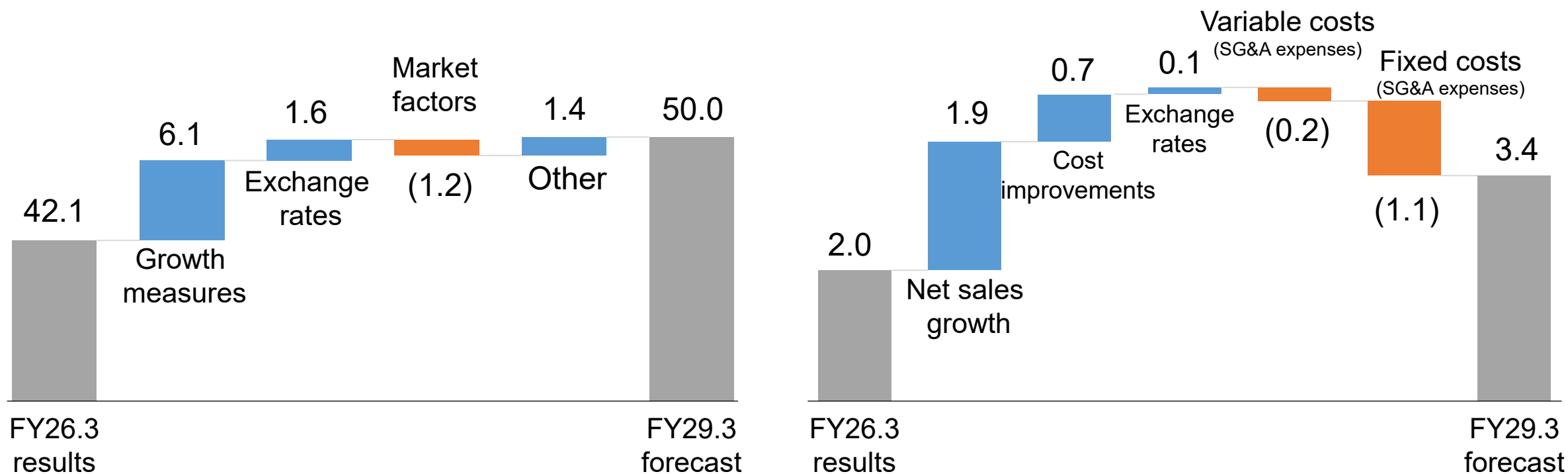
# Revenue Bridge to Achieving Targets (Net Sales and Operating Profit)

Achieving sustained growth in operating profit through synergies between sales expansion driven by growth initiatives and cost improvements

(Unit: Billions of yen)

Net sales

Operating profit



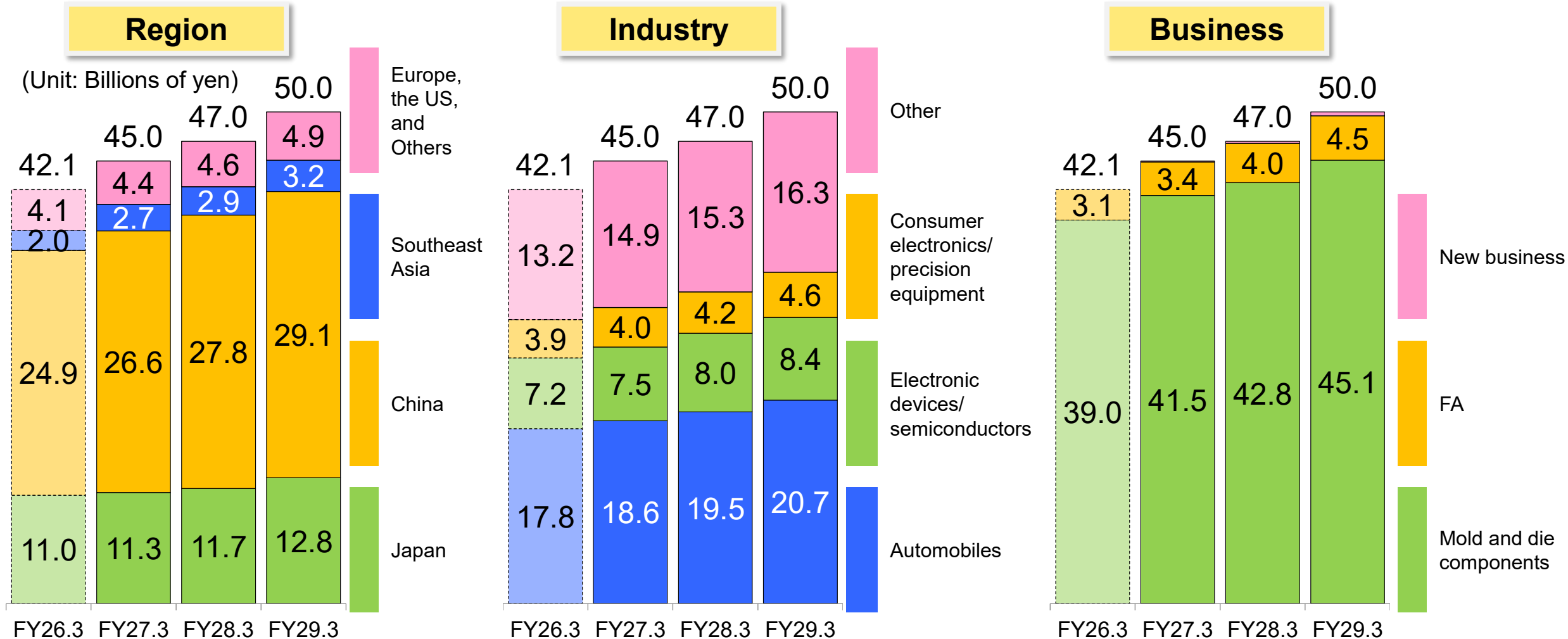
\*Growth initiatives include market expansion, increased sales of special-order products, and growth in FA sales, etc.

\*Market factors include loss of customers due to market conditions, price increases, etc.



# Sales Targets by Region, Industry, and Business Type

Capitalizing on opportunities presented by growth in the automotive industry and the recovery in business sentiment by strengthening our domestic sales structure, etc. and translating it into the rapid growth of our mold and die components business





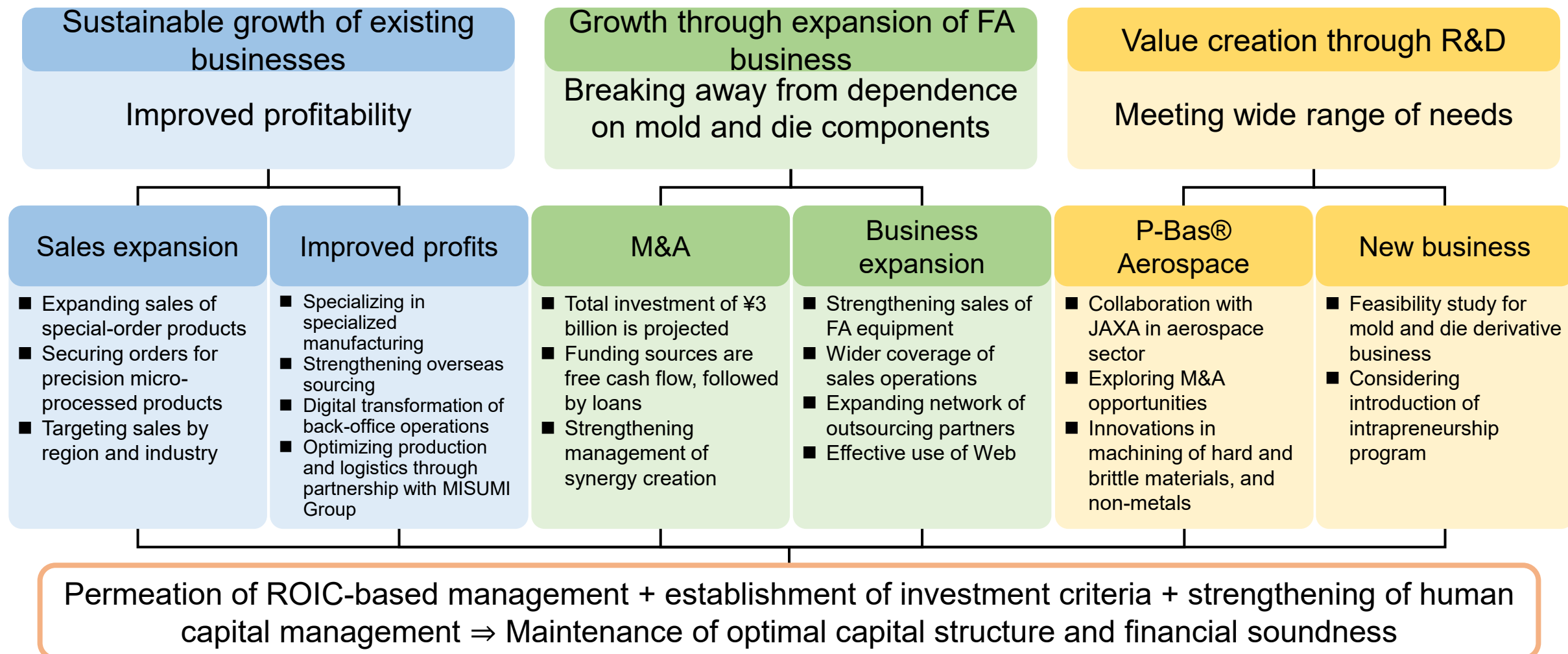
# Overview of the “VC28” Growth Strategy





# Key Initiatives of “VC28”

“VC28” is being launched as a “phase of profitability improvement” aimed at generating funds for growth investments



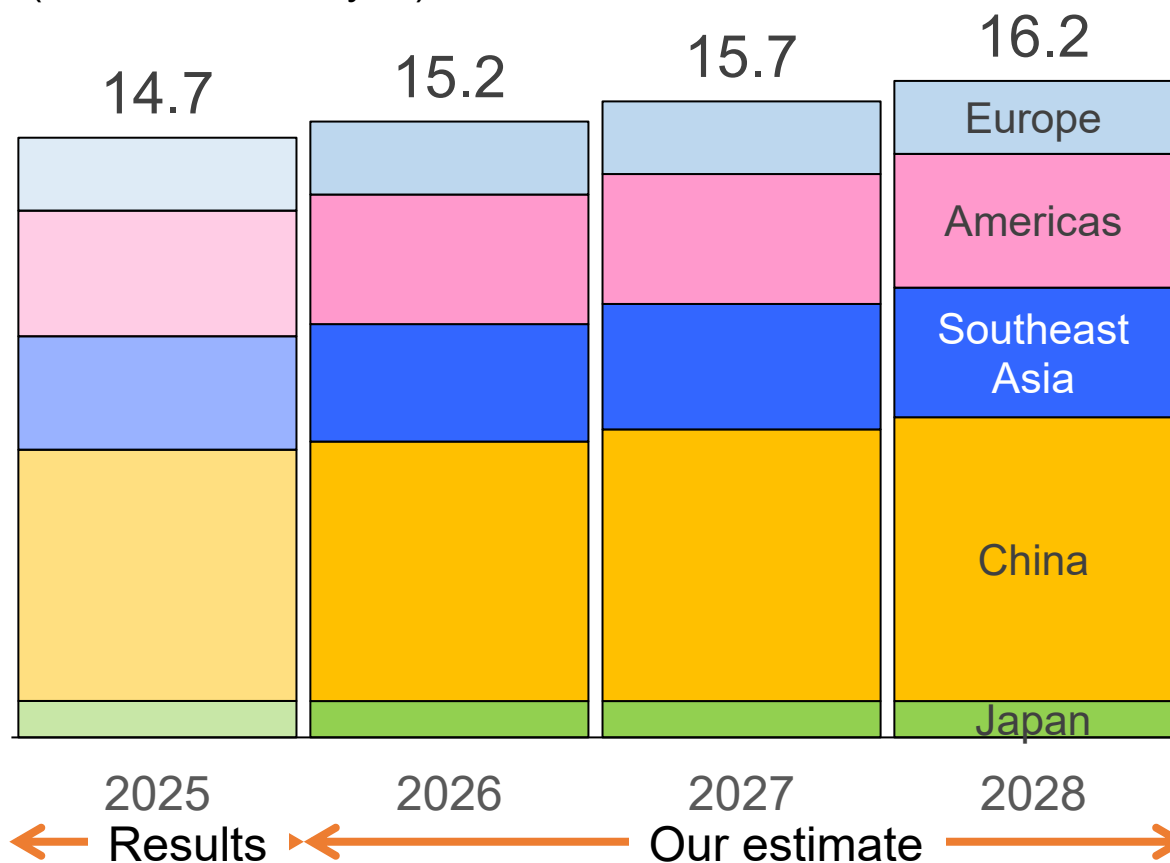
# Outlook for Mold and Die Market and Business Opportunities

Mold and die market continues to grow steadily, driven by increasingly sophisticated technical requirements such as EV compatibility and greater precision

## ■ Mold and die shipment amounts by major region

(Unit: Trillions of yen)

CAGR 3.3%



(Source) ISTMA Statistical Year Book 2024

Due to changes in ISTMA's calculation method, figures have been revised retroactively.

## [Market trends]

- Demand for electrical system molds and dies remains strong due to shift to EVs
- Demand for high precision continues to grow
- Demand for efficiency is rising amid talent shortage
- Demand for regional sourcing persists, particularly in Asia

## [Market expansion and features]

- Although market as a whole has matured, it continues to grow steadily
- Proportion of high-value-added, high-complexity molds and dies is increasing
- Capacity to handle small-lot, high-variety production and short production cycles is essential
- Comprehensive support, including peripheral services for molds and dies, is a key competitive advantage

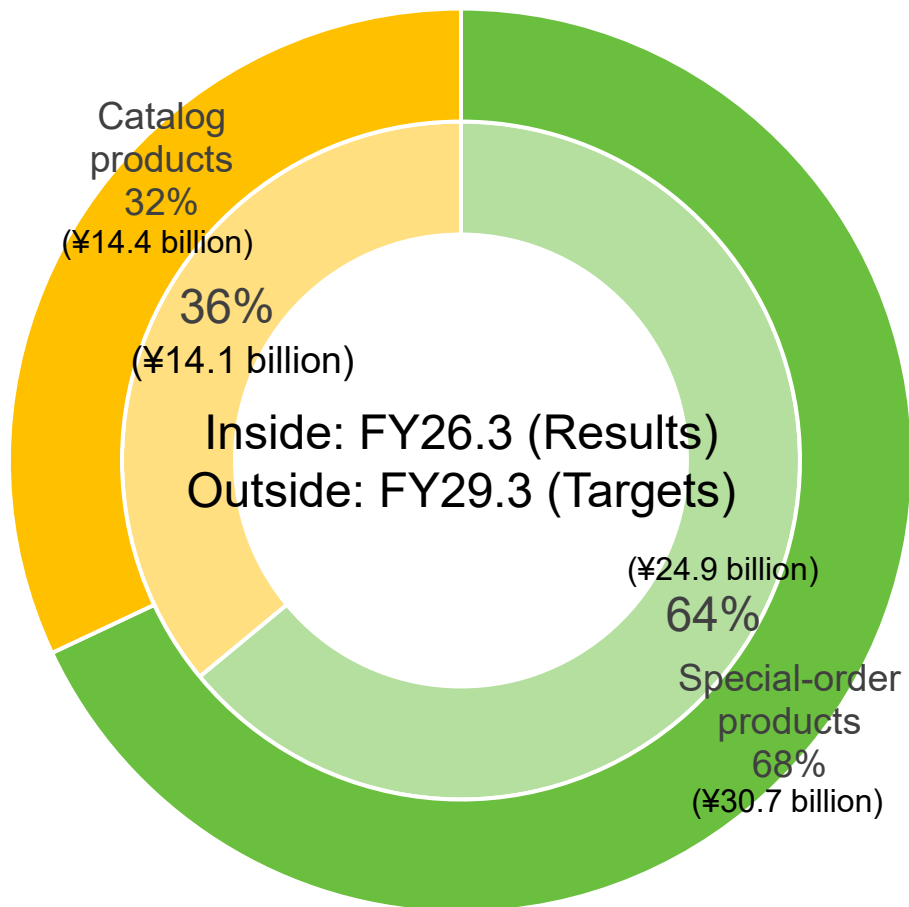
## ■ The direction we should take

- Expand sales of special-order products designed to meet high-precision requirements
- Secure orders for precision micro-processed products
- Target sales by region and industry
- Secure stable profits through global supply capabilities



# Mold and Die Component Business Strategy

Positioned as a core business responsible for generating cash flow and improving capital efficiency under “VC28”



- Basic business policy
  - Viewed as a stable, global cash-generating business
  - “VC28” places strong emphasis on “improving profitability”
- Key initiatives
  - Improving gross profit margins by specializing in special-order products
  - Securing orders for precision micro-processed products
  - Specializing in specialized manufacturing and productivity improvements at domestic factories
  - Cost reduction through overseas sourcing and collaboration with MISUMI Group
  - Digital transformation of back-office operations
- Our vision for “VC28”
  - Reallocate stable profits and cash to FA and new businesses
  - Positioned as a business that serves as “foundation” for improving ROIC

# Roadmap for Monetizing Capital and Business Alliance (Our Company Only)

Leveraging our capital and business alliance as a “profit-generating engine” with a view to generating cumulative profits of ¥600 million to ¥800 million by end of FY29.3.

## ■ Steps to bolster competitiveness through capital and business alliances

Phase1  
Consolidate logistics functions



Phase2  
Synergize production and sourcing functions



Phase3  
Expand investment in growth sectors



Generate cumulative profits of ¥600 million to ¥800 million per company by end of FY29.3

■ Optimize operational costs through consolidation of duplicate operational functions

■ Reduce costs through effective use of global resources held by both companies

■ Build foundation for business development and expansion in growth sectors and regions

■ Strengthen earnings structure through capital and business alliance

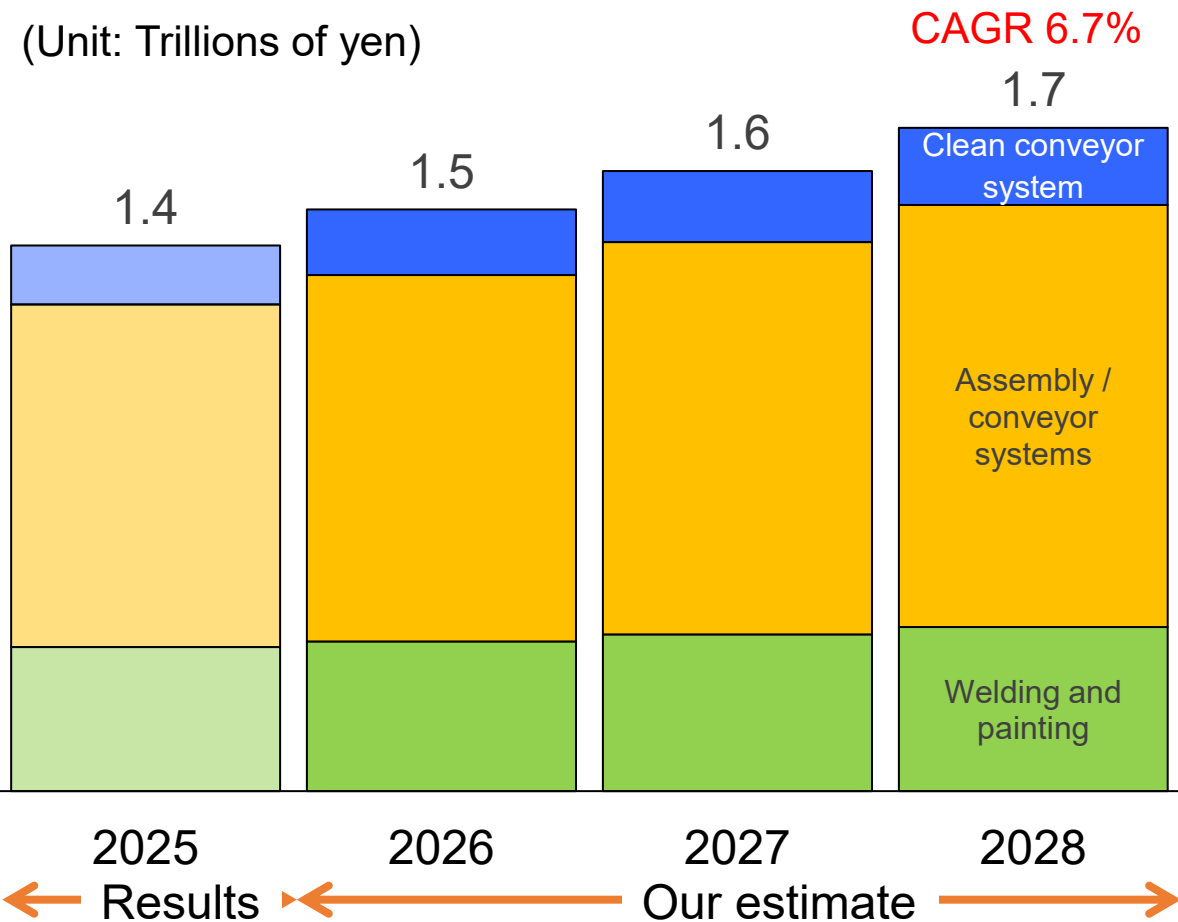
■ Build a business structure that enables sustainable growth in future

# Outlook for FA Market and Business Opportunities

FA market is on an upward trend due mainly to higher expectations for factory automation and robots worldwide

## ■ Manufacturing robot market by major region

(Unit: Trillions of yen)



(Source) Our estimates

[Global automation and labor-saving needs and market trends]

- Demand for automation is growing due to labor shortages and rising labor costs
- Demand for assembly/conveyor robots is centered on automotive and semiconductor industries, etc.
- Demand for small robots (SCARA and small articulated robots) is growing in China
- Chinese robot manufacturers are becoming increasingly competitive and gaining stronger presence

[Growth and features of collaborative robot market]

- Robots capable of detecting human contact and working safely alongside people
- No guardrails required, enabling space-saving and flexible automation
- Expanding adoption across a wide range of industries, including automotive, semiconductors, food, and logistics
- Demand for replacements of existing industrial robots is also expected

## ■ The direction we should take

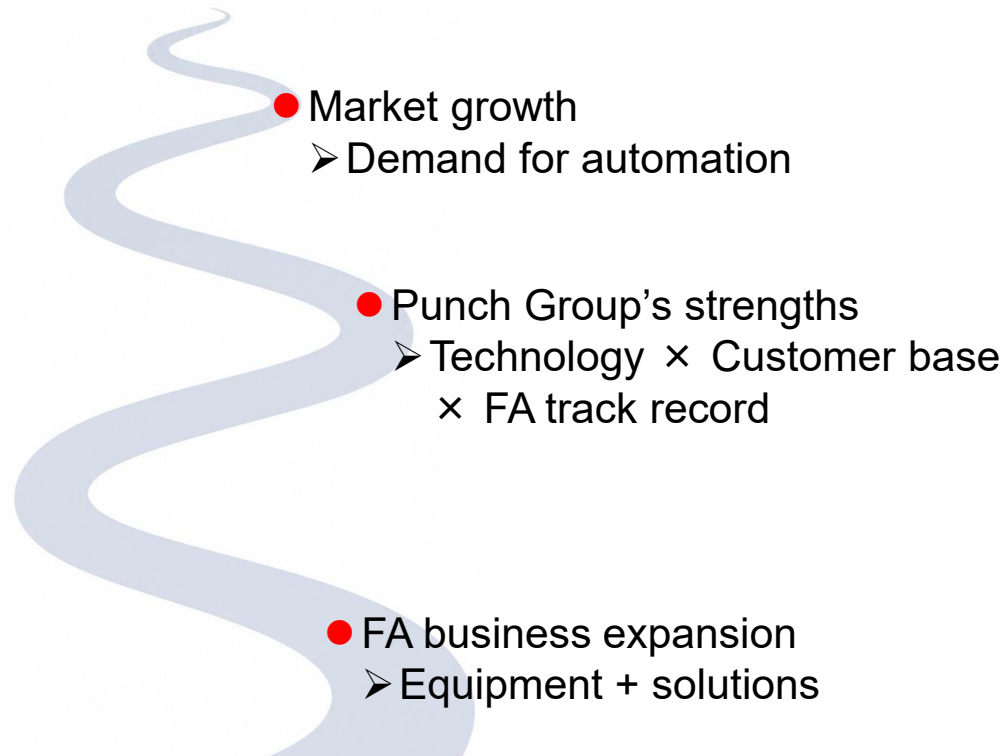
- Strengthen robotics-related products for growth sectors
- Technological development supporting collaborative robots
- Increase sales and profits through competitive, distinctive solutions



# FA Business Strategy

Against backdrop of growing demand for automation, actively developing this business as a second pillar of revenue to follow mold and die components

## ■ FA business: Growth story

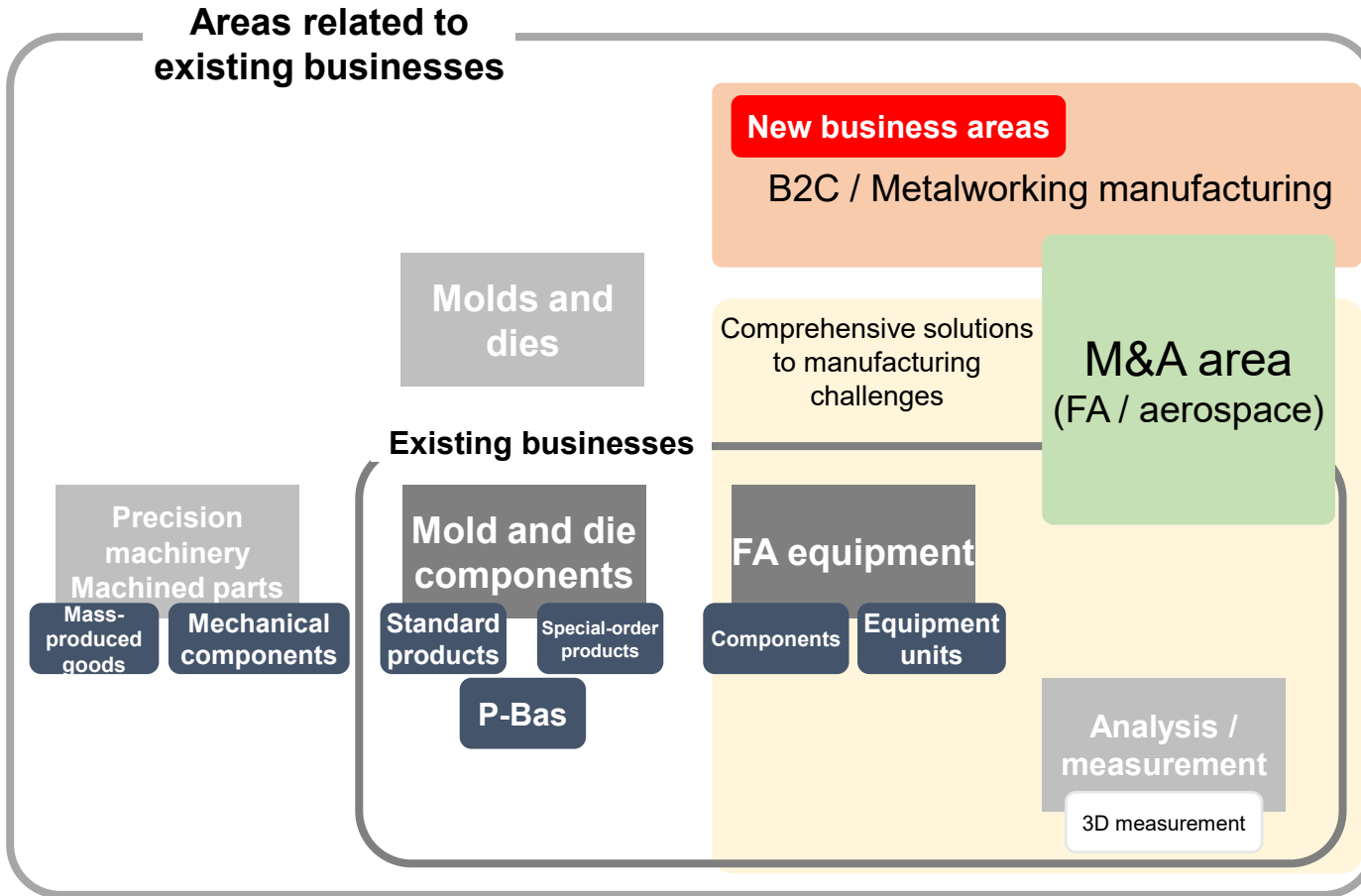


**Our Vision:**  
Medium- to long-term profit growth

- FA market environment and opportunities
  - Growth in the medium to long term driven by labor shortages and demand for automation
- Key initiatives
  - Entry into LA (Laboratory Automation) sector
  - Expanding market penetration and sales of our original products (needle-less injectors and dispensing equipment)
  - Developing FA solutions by leveraging our customer base built through manufacture of mold and die components
  - Bundled proposals for equipment sales and process improvement solutions
  - M&A is expected to involve total investment of ¥3 billion, with funding from free cash flow and then from loans
  - Strengthening management of synergy creation
- Our vision for “VC28”
  - Transition from development to full-scale growth
  - Establish the business as key revenue driver for next Mid-term Business Plan

# New Business Strategy

Business development strategy that builds on existing technologies and expands in stages with careful evaluation of results

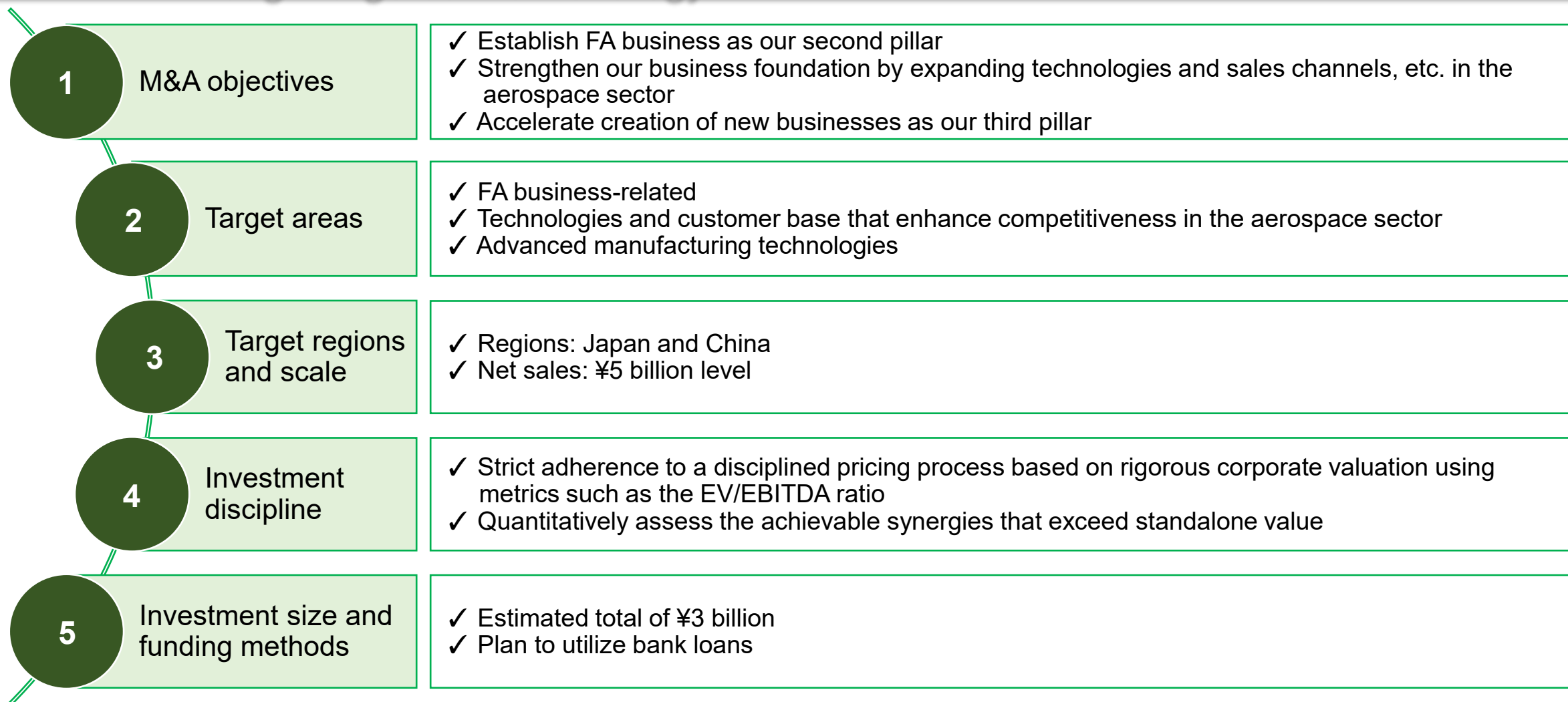


- Positioning
  - Promoting creation of new businesses by leveraging existing technologies, facilities, and customer bases
  - “Potential third pillar” following mold and die components and FA
  - “VC28” prioritizes “selection and verification” over “expansion”
- Key themes
  - Extension of existing technologies such as P-Bas® and those used in aerospace sector
  - Expansion with an eye to external partnerships and M&A
  - Innovations in machining of hard and brittle materials, and non-metals
  - Considering introduction of intrapreneurship program
- Investment stance
  - Roll out in phases while managing investment scale and risk
  - Goal is to create growth drivers for the next Mid-term Business Plan and beyond



# M&A Strategy

Aiming to maximize return on investment and enhance corporate value through targeted M&A strategy





# [For Reference] Key Areas of M&A Strategy

**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**

## Opportunities (External environment)

- Increased demand driven by technological trends such as widespread adoption of EVs and IoT
- Growing demand for high-precision products due to increasingly sophisticated market needs
- Government support for manufacturing and increased demand for automation driven by declining birthrate and aging population

## Threats (External environment)

- Offshoring of manufacturing and improving quality of overseas products
- Rising costs from sustainability measures, etc. and talent shortage due to declining birthrate
- Geopolitical and exchange rate risks, and rise of tech startups

## Strengths (Internal environment)

- Global sales network and strong brand presence in Japan and China
- Advanced precision machining technology and extensive processing facilities
- Wide-ranging capacity to handle both catalog and special-order products

## Weaknesses (Internal environment)

- Decline in sales capabilities due to staffing shortages, and reduced ability to adjust manufacturing prices
- Product development capabilities, passing on skills for high-difficulty processing, and securing talent
- Lagging behind in digital and information utilization

## Proactive strategy

- Increase orders for special-order products (multi-industry, multi-variety)
- Maximize use of our Japan-China brand and global sales network
- Strengthen global sourcing capabilities

## Differentiation strategy

- Specialize in integrated field of “skills × facilities × expertise”
- Boost sales of high-value-added products

Promote collaboration with MISUMI Group

## Address weaknesses

- Apply IoT and data utilization in-house
- Strengthen contribution of FA to manufacturing sites
- In-house development of FA systems and M&A in the aerospace sector
- Strengthen new business creation initiatives

## Defense and retreat

- Lead the industry as the world’s No. 1 company in special-order mold and die components
- Expand sourcing regions as a measure to mitigate geopolitical risks
- Strengthen cross-departmental collaboration



# Promotion of DX

Achieving a 20% reduction in back-office operations by improving operational efficiency through DX initiatives

Initiative details		Current	FY27.3 (FY2026)	FY28.3 (FY2027)	FY29.3 (FY2028)
(i)	System/procedure development	RPA adoption information exchange meeting	Reorganization of ICT Committee	Preparations for IT controls	Maximizing use of IT Business process reform
(ii)	Digital talent development	Conducting IT literacy training	Creating time and driving innovation through steps (v) and (vi)	Business process design to maximize IT use	
(iii)	Effective use of AI	Introduction of AI-powered drawing search software	Maximizing use of AI-powered drawing search software	Introduction of latest technology	Overhaul of core systems, including adoption of AI
(iv)	System development	Developing and utilizing external vendors	Securing internal and external resources Core system design	Core system development	
(v)	Use of Low-code/No-code	Use of Low-code/No-code	Early realization of external development benefits	Independent operation in user departments	
(vi)	Use of RPA	Developed under leadership of user department			

## [Targets]

By the end of FY29.3, we aim to reduce back-office operations by 20% through digital-driven business reform

## [Roadmap]

FY27.3: Laying the groundwork

FY28.3: Achieving autonomous operation and advancements

FY29.3: Maximizing use of IT and AI

## [Objectives]

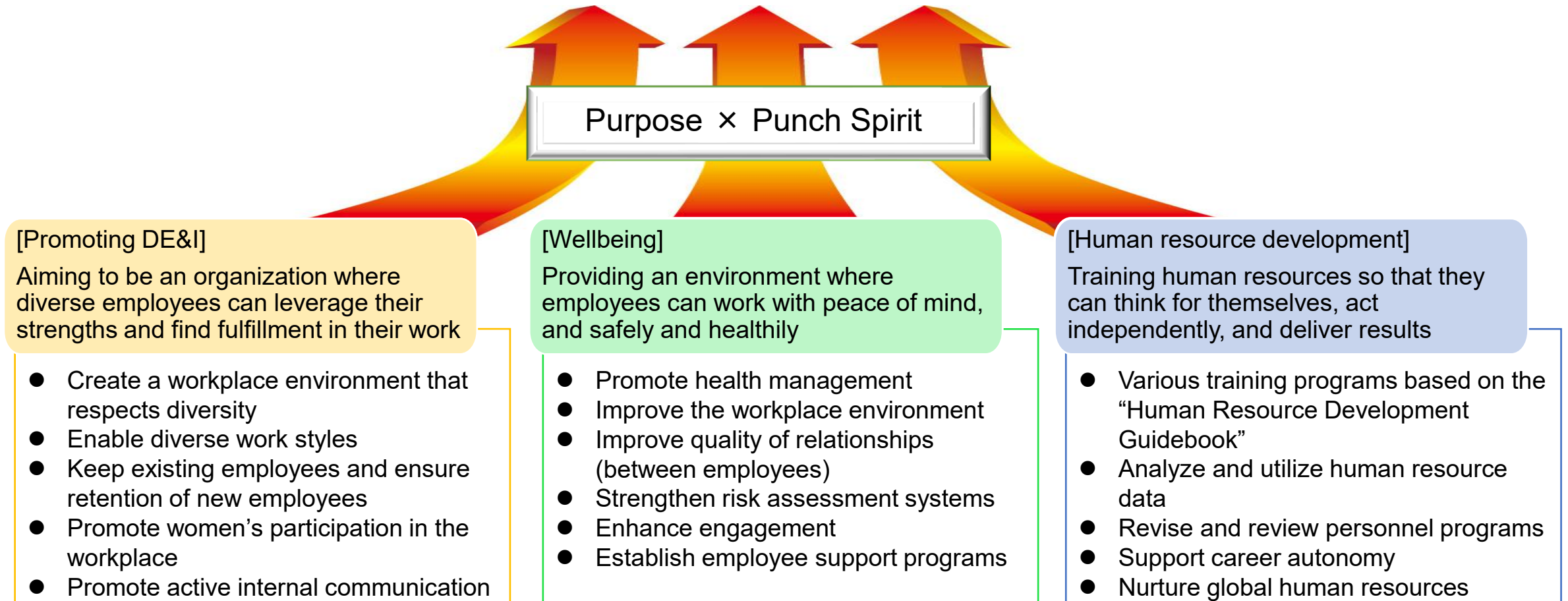
Solving staffing shortages and outdated operational controls, and implementing fundamental business reforms through use of digital technology aimed at promoting work-style reform



# Human Capital Management Initiatives

Our vision for human capital management:

An organization where diverse human resources thrive independently and maximize corporate value in a workplace culture rooted in trust and connectivity



\*Promoting DE&I

➢ Diversity, equity, and inclusion

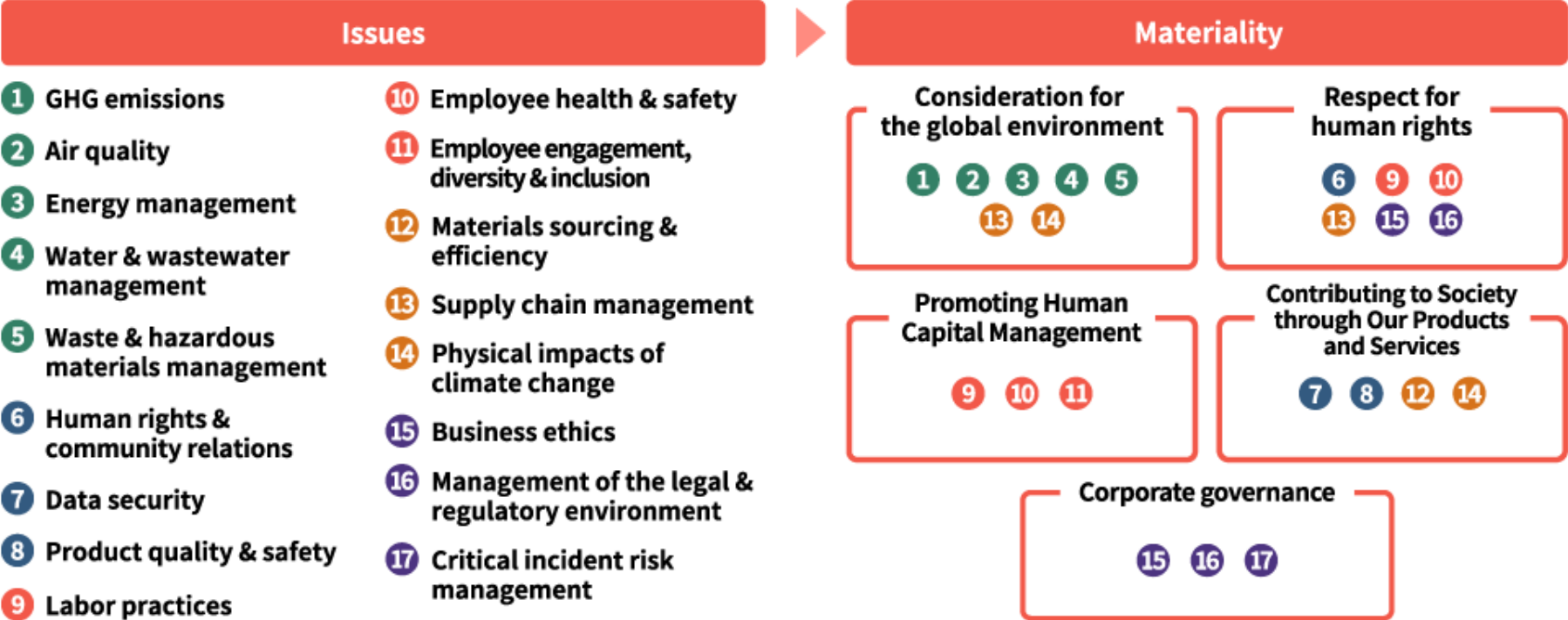
➢ The concept of responding to individual needs in an organization where diverse human resources work side by side, enabling each person to thrive and continuously deliver results



# Human Capital Management Initiatives

As a company that supports global manufacturing, we have identified five material issues (materialities) that we prioritize

## Materiality Identification Process





# **Management Focused on Capital Cost and Share Price**

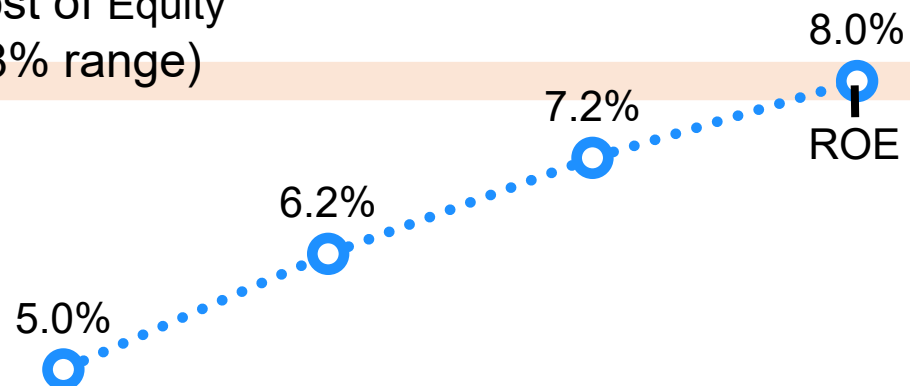


# Quantitative Targets for Capital Efficiency

Achieve sustainable growth in corporate value  
by generating returns that exceed the cost of capital

## ROE Target Figures

Cost of Equity  
(8% range)



[Calculation formula]  $ROE = \text{Profit} \div \text{Average shareholders' equity at beginning and end of the period}$

FY26.3  
Results

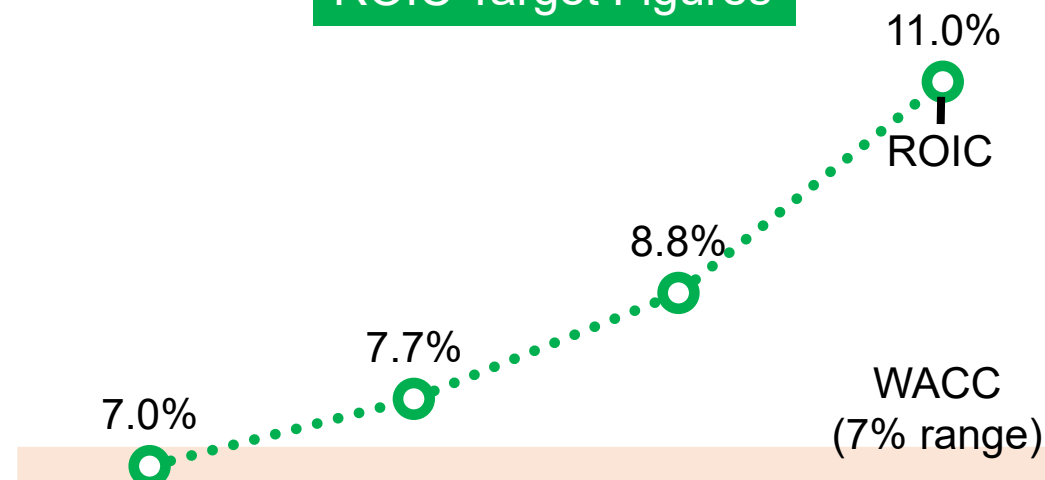
FY27.3

FY28.3

FY29.3

VC28

## ROIC Target Figures



WACC  
(7% range)

[Calculation formula]  $ROIC = \text{NOPAT (net operating profit after tax)} \div \text{Average of (interest-bearing debt and shareholders' equity) at beginning and end of the period}$

FY26.3  
Results

FY27.3

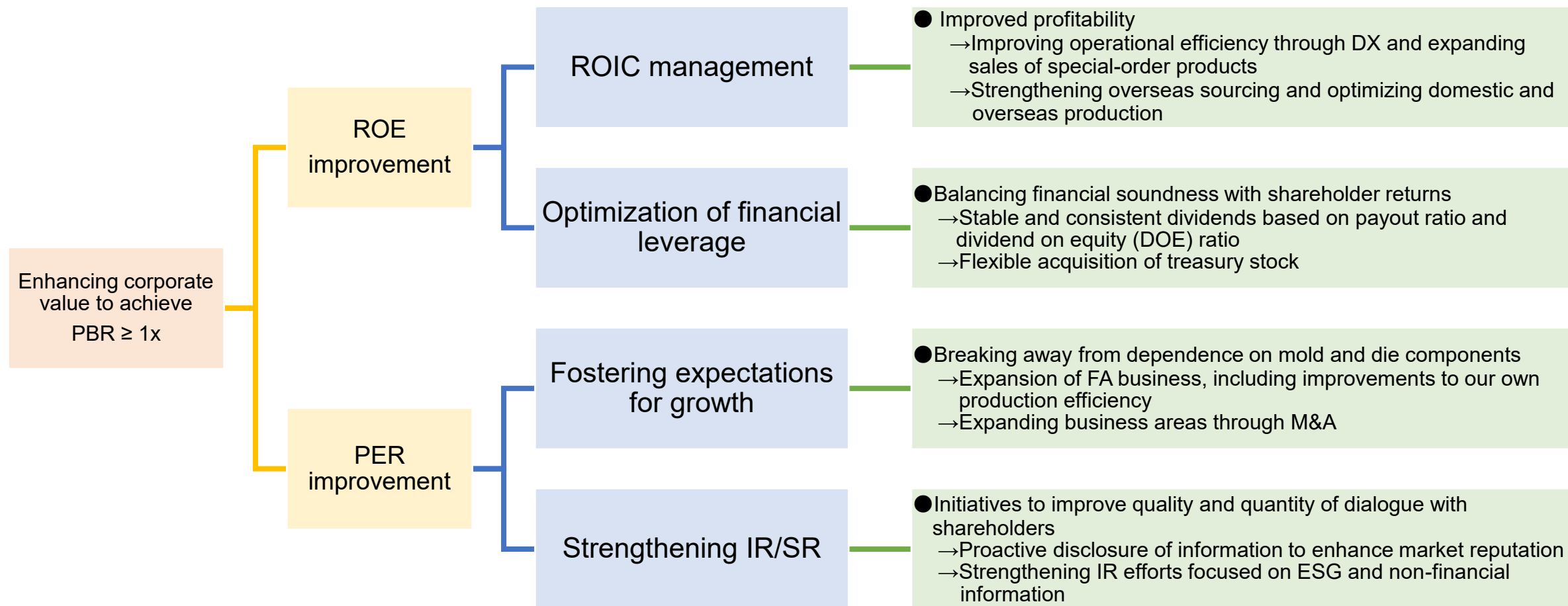
FY28.3

FY29.3

VC28

# Management Initiatives Focused on Capital Cost and Share Price

Enhancing corporate value by driving both improved return on capital and making our growth story a reality





# Capital Allocation

Ensuring the soundness of our financial foundation,  
and focusing on shareholder returns while prioritizing growth investments

## Cash inflow

Use of interest-bearing debt  
Approx. ¥3 billion

[Primarily bank loans]

Operating cash flow  
Approx. ¥7.2 billion

## Cash outflow

M&A investment  
Approx. ¥3 billion

[Focus on addressing weaknesses]  
See “Key Areas of M&A Strategy”

BCP investment  
(sustainable growth)  
Approx. ¥1 billion

Capital expenditures  
Approx. ¥4.5 billion

[Total depreciation and amortization  
expense for “VC28”]  
Approx. ¥3.5 billion

Shareholder return  
Approx. ¥1.7 billion

Growth  
investment

Shareholder  
returns

- M&A investment
  - FA business expansion
  - Other new business expansion

- Capital expenditures
  - DX investments to improve profitability
  - Investments in automation, labor-saving measures, and a focus on special-order products
- R&D investment
  - “P-Bas®” metal integration technology
  - Stepping up efforts in the aerospace sector

- Dividend payout ratio of 30% or more and DOE of 3% or more
- Flexible acquisition of treasury stock

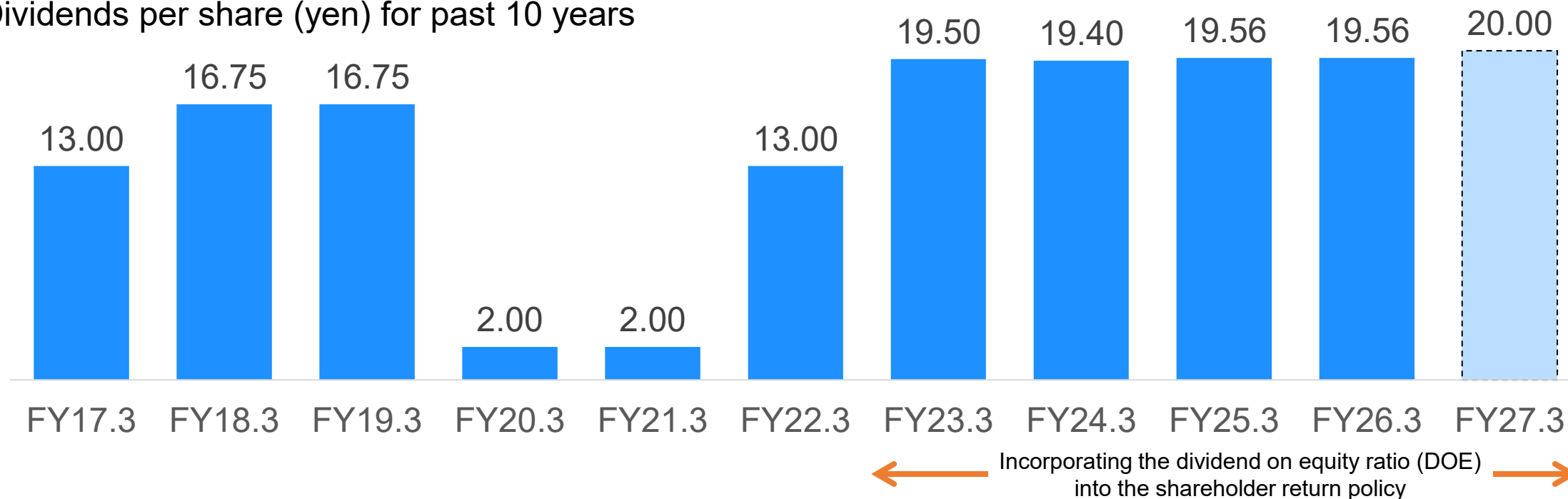




# Shareholder Return Policy

Continue our policy of stable dividends in “VC28,” with a dividend payout ratio of 30% or more and a dividend on equity (DOE) of 3% or more (whichever is higher)  
Also flexibly acquire treasury stock based on market conditions, business performance trends, and our financial position

■ Dividends per share (yen) for past 10 years



DOE	-	-	-	-	-	-	3.0%	3.0%	3.0%	3.1%	3.1%
Dividend payout ratio	20.6%	20.4%	38.1%	-	9.1%	13.9%	33.5%	-	58.1%	63.2%	50.1%

\* For FY20.3 and FY24.3, net income was negative, and since the dividend payout ratio is calculated as negative, these figures are displayed with a hyphen.

\* To ensure that improvements in shareholders' equity are promptly reflected in dividends, the calculation of DOE has been based on year-end shareholders' equity starting from FY25.3.



# Initiatives to Improve Quality and Quantity of Dialogue With Investors

Building unshakable relationships of trust with stakeholders through clear and sincere communication

## ■ Launched official YouTube channel

[https://www.youtube.com/@punchindustry\\_official](https://www.youtube.com/@punchindustry_official)



## ● Launched official YouTube channel

- We are clearly communicating our strategies and initiatives through videos such as financial results presentations

## ● For our institutional investors

- Tuesday, May 26, 1:30 p.m.: Hybrid-style financial results briefing (physical venue + online)
- We are accepting inquiries and one-on-one consultations at our dedicated IR desk

✉ [info-corp@punch.co.jp](mailto:info-corp@punch.co.jp)

## ● For our individual investors

- We are accepting inquiries via our corporate website

[https://www.punch.co.jp/english/contact/contact\\_news\\_ir.html](https://www.punch.co.jp/english/contact/contact_news_ir.html)  
(IR Inquiry Form)

- Upcoming briefing session for individual investors

## ● Strengthening information disclosure and public relations

- Actively utilizing press releases and TSE PR disclosures

