

**Translation**

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**Summary of Consolidated Financial Results  
for the Six Months Ended September 30, 2023  
(Based on Japanese GAAP)**

November 10, 2023

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 Quarterly Securities Report: November 13, 2023  
 Scheduled date to commence dividend payments: December 8, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	19,120	(11.7)	521	(66.0)	808	(47.0)	(950)	–
Six months ended September 30, 2022	21,665	11.0	1,537	(13.1)	1,524	(12.2)	905	(28.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	(38.87)		–	
Six months ended September 30, 2022	40.62		40.20	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	31,606	18,577	58.7
As of March 31, 2023	30,455	19,052	62.4

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, 2023	–	6.50	–	13.00	19.50
Year ending March 31, 2024	–	10.00			
Year ending March 31, 2024 (Forecast)			–	9.21	19.21

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	38,200	(10.7)	1,150	(52.8)	1,350	(43.6)	(900)	–	(36.79)

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly 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: No
- 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, 2023	24,622,400 shares	As of March 31, 2023	24,622,400 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	156,071 shares	As of March 31, 2023	191,339 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, 2023	24,439,213 shares	Six months ended September 30, 2022	22,303,554 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,212	6,676
Notes receivable - trade	1,745	1,683
Accounts receivable - trade	9,632	9,419
Merchandise and finished goods	2,851	2,791
Work in process	658	627
Raw materials and supplies	1,531	1,450
Other	484	723
Allowance for doubtful accounts	(39)	(38)
<b>Total current assets</b>	<b>22,077</b>	<b>23,333</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	6,157	6,311
Accumulated depreciation	(4,386)	(4,565)
Buildings and structures, net	1,771	1,746
Machinery, equipment and vehicles	17,405	17,936
Accumulated depreciation	(13,513)	(13,992)
Machinery, equipment and vehicles, net	3,892	3,944
Tools, furniture and fixtures	2,732	2,849
Accumulated depreciation	(2,273)	(2,381)
Tools, furniture and fixtures, net	459	467
Land	829	823
Construction in progress	161	164
Other	466	513
Accumulated depreciation	(265)	(315)
Other, net	200	198
<b>Total property, plant and equipment</b>	<b>7,314</b>	<b>7,343</b>
<b>Intangible assets</b>		
Goodwill	466	442
Other	228	203
<b>Total intangible assets</b>	<b>695</b>	<b>645</b>
<b>Investments and other assets</b>		
Investments and other assets	404	318
Allowance for doubtful accounts	(36)	(35)
<b>Total investments and other assets</b>	<b>367</b>	<b>283</b>
<b>Total non-current assets</b>	<b>8,377</b>	<b>8,272</b>
<b>Total assets</b>	<b>30,455</b>	<b>31,606</b>

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	2,667	2,456
Electronically recorded obligations - operating	999	973
Short-term borrowings	1,300	50
Current portion of bonds payable	10	5
Current portion of long-term borrowings	728	1,447
Income taxes payable	396	260
Provision for bonuses	379	527
Other	2,698	3,316
<b>Total current liabilities</b>	<b>9,180</b>	<b>9,037</b>
<b>Non-current liabilities</b>		
Long-term borrowings	675	2,826
Retirement benefit liability	1,243	844
Other	303	320
<b>Total non-current liabilities</b>	<b>2,222</b>	<b>3,991</b>
<b>Total liabilities</b>	<b>11,403</b>	<b>13,028</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,406	3,406
Capital surplus	2,967	2,968
Retained earnings	10,101	8,833
Treasury shares	(94)	(76)
<b>Total shareholders' equity</b>	<b>16,381</b>	<b>15,131</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	2,737	3,473
Remeasurements of defined benefit plans	(111)	(65)
<b>Total accumulated other comprehensive income</b>	<b>2,626</b>	<b>3,407</b>
Share acquisition rights	20	14
Non-controlling interests	23	23
<b>Total net assets</b>	<b>19,052</b>	<b>18,577</b>
<b>Total liabilities and net assets</b>	<b>30,455</b>	<b>31,606</b>

**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, 2022	Six months ended September 30, 2023
Net sales	21,665	19,120
Cost of sales	15,617	14,085
Gross profit	6,048	5,035
Selling, general and administrative expenses	4,511	4,513
Operating profit	1,537	521
Non-operating income		
Interest income	28	35
Foreign exchange gains	–	216
Other	38	61
Total non-operating income	67	313
Non-operating expenses		
Interest expenses	26	20
Foreign exchange losses	45	–
Other	7	5
Total non-operating expenses	79	26
Ordinary profit	1,524	808
Extraordinary income		
Gain on sale of non-current assets	4	5
Total extraordinary income	4	5
Extraordinary losses		
Loss on sale and retirement of non-current assets	9	9
Impairment losses	101	265
Loss on business restructuring	–	781
Retirement benefit expenses	–	45
Loss on liquidation of subsidiaries	–	323
Total extraordinary losses	111	1,426
Profit (loss) before income taxes	1,417	(612)
Income taxes - current	356	235
Income taxes - deferred	153	98
Total income taxes	509	334
Net Profit (Net loss)	908	(946)
Profit attributable to non-controlling interests	2	3
Profit (loss) attributable to owners of parent	905	(950)

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net Profit (Net loss)	908	(946)
Other comprehensive income		
Foreign currency translation adjustment	2,023	731
Remeasurements of defined benefit plans, net of tax	(42)	45
Total other comprehensive income	1,981	777
Comprehensive income	2,889	(169)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,884	(168)
Comprehensive income attributable to non-controlling interests	5	(0)

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	1,417	(612)
Depreciation	554	572
Impairment losses	101	265
Amortization of goodwill	–	24
Increase (decrease) in retirement benefit liability	17	(335)
Increase (decrease) in provision for bonuses for directors (and other officers)	(9)	–
Increase (decrease) in provision for bonuses	455	142
Increase (decrease) in allowance for doubtful accounts	(10)	(6)
Interest and dividend income	(28)	(35)
Interest expenses	26	20
Foreign exchange losses (gains)	4	(199)
Loss (gain) on sale and retirement of non-current assets	5	4
Decrease (increase) in trade receivables	(148)	827
Decrease (increase) in inventories	(142)	356
Increase (decrease) in trade payables	(34)	(469)
Increase (decrease) in accounts payable - other, and accrued expenses	(888)	622
Other, net	(126)	(171)
Subtotal	1,196	1,006
Interest and dividends received	28	35
Interest paid	(12)	(31)
Income taxes paid	(386)	(362)
Net cash provided by (used in) operating activities	825	648
Cash flows from investing activities		
Net decrease (increase) in time deposits	36	(0)
Purchase of property, plant and equipment	(600)	(515)
Proceeds from sale of property, plant and equipment	11	16
Purchase of intangible assets	(50)	(14)
Long-term loan advances	–	(0)
Proceeds from collection of long-term loans receivable	4	2
Payments of leasehold and guarantee deposits	(5)	(6)
Proceeds from refund of leasehold and guarantee deposits	16	8
Other, net	0	0
Net cash provided by (used in) investing activities	(588)	(508)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(367)	(1,252)
Proceeds from long-term borrowings	367	3,400
Repayments of long-term borrowings	(362)	(592)
Repayments of installment payables	(41)	(42)
Repayments of lease liabilities	(77)	(66)
Redemption of bonds	–	(5)
Proceeds from issuance of shares	258	–
Dividends paid	(198)	(317)
Other, net	–	0
Net cash provided by (used in) financing activities	(421)	1,123
Effect of exchange rate change on cash and cash equivalents	494	201
Net increase (decrease) in cash and cash equivalents	309	1,463
Cash and cash equivalents at beginning of period	4,669	5,212
Cash and cash equivalents at end of period	4,978	6,676