

Financial Results Briefing for FY2021

The 98th period
(Apr. 1st, 2021 - Mar. 31st, 2022)

May 11th, 2022

PACIFIC INDUSTRIAL CO., LTD.

- 1 . Financial Results for FY2021**
- 2 . Full Year Forecast for FY2022**
- 3 . Mid-term Management Plan "OCEAN-22"**
- 4 . Sustainability Management**

Caution in handling this document

Future forecasts, including this document, were judged according to the current information. Actual financial results might be considerably different from the forecast mentioned here depending on the Japanese or international economic situation, business trends related to our company, and any risk or indefinite factors involved in fluctuation of exchange rates.

Gaining a solid foothold GLOCALLY by preventing being infected and maintaining employment and our production system as a top priority

■ Risk measure

- Covid-19 infection spread
- Production fluctuations due to insufficient supply of semiconductors and parts, steep rise in raw material prices, and stagnation in logistics
- Earthquake off the coast of Fukushima, cyber attack, Ukraine crisis, and impact of the depreciation of the yen

■ Our efforts in Covid-19 pandemic

- Improvement, cost/fixed cost reduction
- Use of employment adjustment subsidy
- Preventing infection of employees and their family
- Maintaining supply chain

■ Future issues

- Prolonged risk
- Securing human resources and preparation of system for sudden production fluctuation and recovery production

1-1 FY2021 Consolidated Results



Despite the impact of production fluctuations, record highest profits were achieved for the full year due to an improved earnings structure and sales volume increase.

(100 million yen,%)

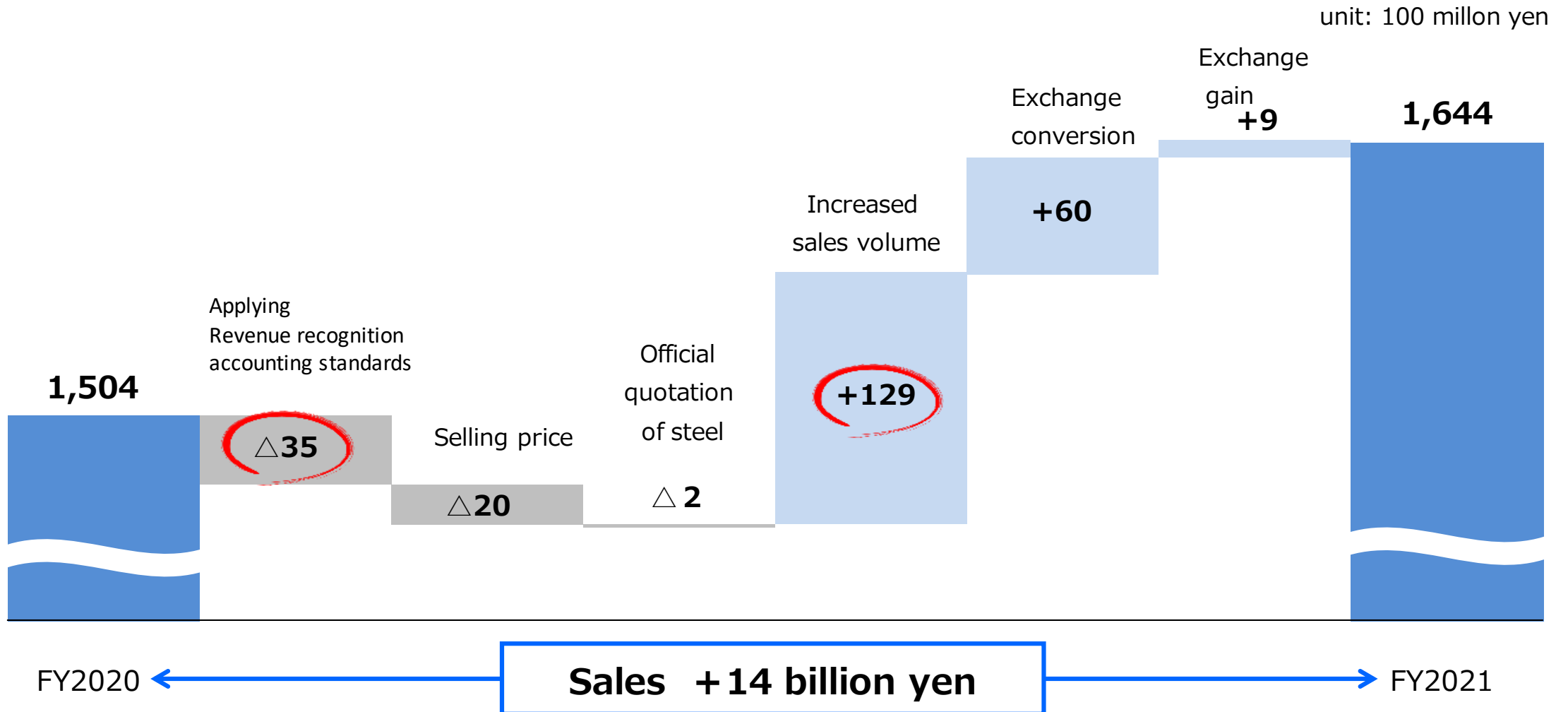
	FY2020		FY2021		YoY rate			
	Q4 Result	Full year Result	Q4 Result	Full year Result	Q4 Result		Full year Result	
					Gain&Loss	%Change	Gain&Loss	%Change
Sales	423	1,504	444	1,644	+20	+4.8	+140	+9.4
Operating Income	40	89	29	Record High 107	△10	△25.9	+17	+19.9
Operating Income Ratio	9.5%	6.0%	6.7%	6.5%	△2.8P	-	+0.5P	-
Ordinary Income	53	112	45	Record High 146	△7	△14.4	+33	+30.3
Ordinary Income Ratio	12.6%	7.5%	10.3%	8.9%	△2.3P	-	+1.4P	-
Net income for the year attributable to owners of the parent	37	79	24	Record High 98	△13	△35.4	+18	+22.8
Ratio of net income to sales(%)	8.8%	5.3%	5.4%	6.0%	△3.4P	-	+0.7P	-
Average exchange rate (US dollars)	104.7円	105.4円	115.4円	112.1円	+10.7円	-	+6.7円	-

※Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales (included figures) is as follows. The impact on profits is minor.
Sales will be decreased by 4.5 billion yen due to the offset display of sales of customer-received products and cost of sales, and increased by 1 billion yen due to the collective recognition of mold cost collection.

1-2 Causes of Fluctuation in Consolidated Net Sales



Increased sales volume by following customer production fluctuations

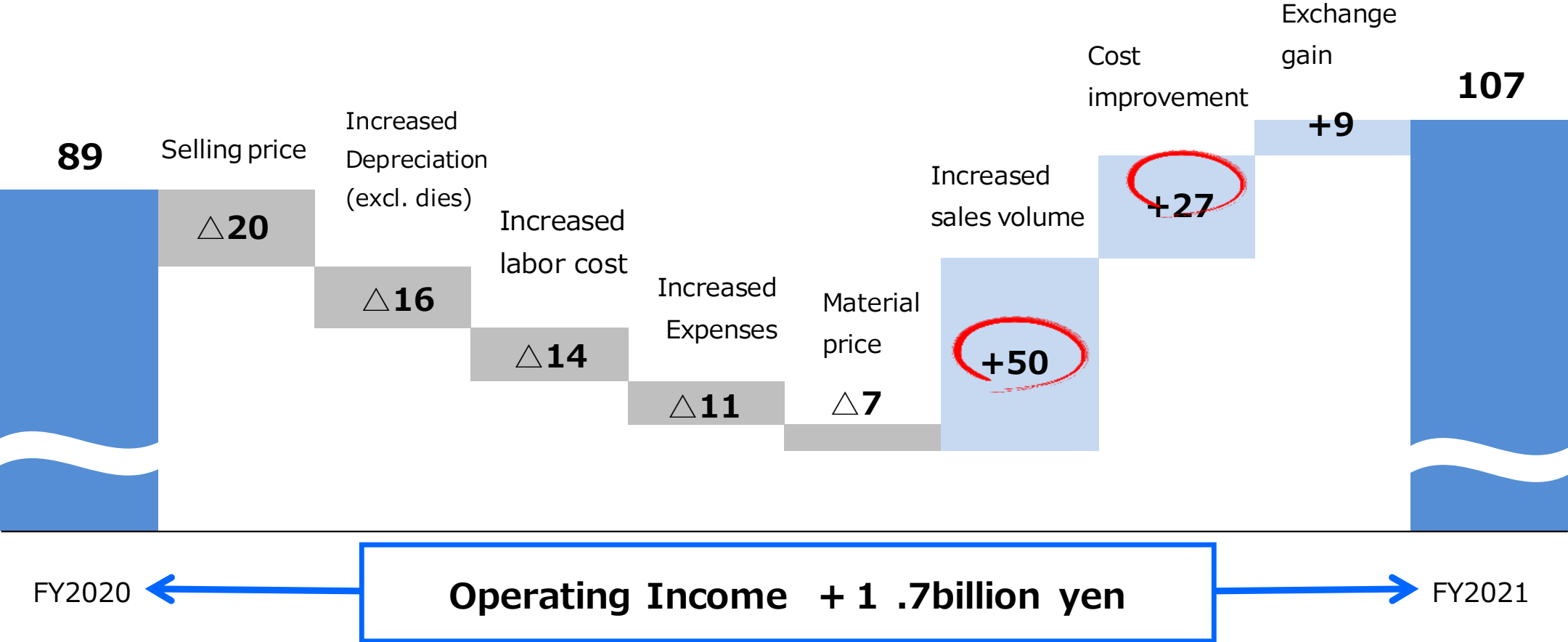


1-3 Causes of Fluctuation in Consolidated Operating Income



Record profits were achieved by sales recovery and cost improvement

unit: 100 million yen



1-4 Consolidated Business Segments



Sales and profits increased for stamping & molding and valves

(100 million yen,%)

	Sales				Operating Income			
	FY2020 Result	FY2021 Forecast	YoY rate		FY2020 Result	FY2021 Forecast	YoY rate	
			Gain&Loss	%Change			Gain&Loss	%Change
Stamping & Molding	1,045	1,142	+97	+9.4	39	49	+10	+25.8
(The impact of application of revenue recognition)		※ 1 (△35)						
Operating Income Ratio					3.7%	4.3%	+0.6P	
Valves	457	499	+42	+9.3	49	58	+8	+16.6
(The impact of application of revenue recognition)		※ 2 (0)						
Operating Income Ratio					10.9%	11.7%	+0.8P	

- * 1 Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales (included figures) is as above. Sales decreased by 4.5 billion yen due to the offset display of sales of customer-received products and cost of sales, and increased by 1 billion yen due to the collective recognition of mold cost collection. The impact on profits is minor.
- * 2 The amount of impact on sales (included figures) is as above. The impact on profits is minor.

1-5 Consolidated Regional Segment



Japan : Sales decreased and profits increased

(sales actually up excl. the effect of revenue recognition)

Europe/America : Sales increased and profits decreased,

Asia : Sales and profits increased

(100 million yen,%)

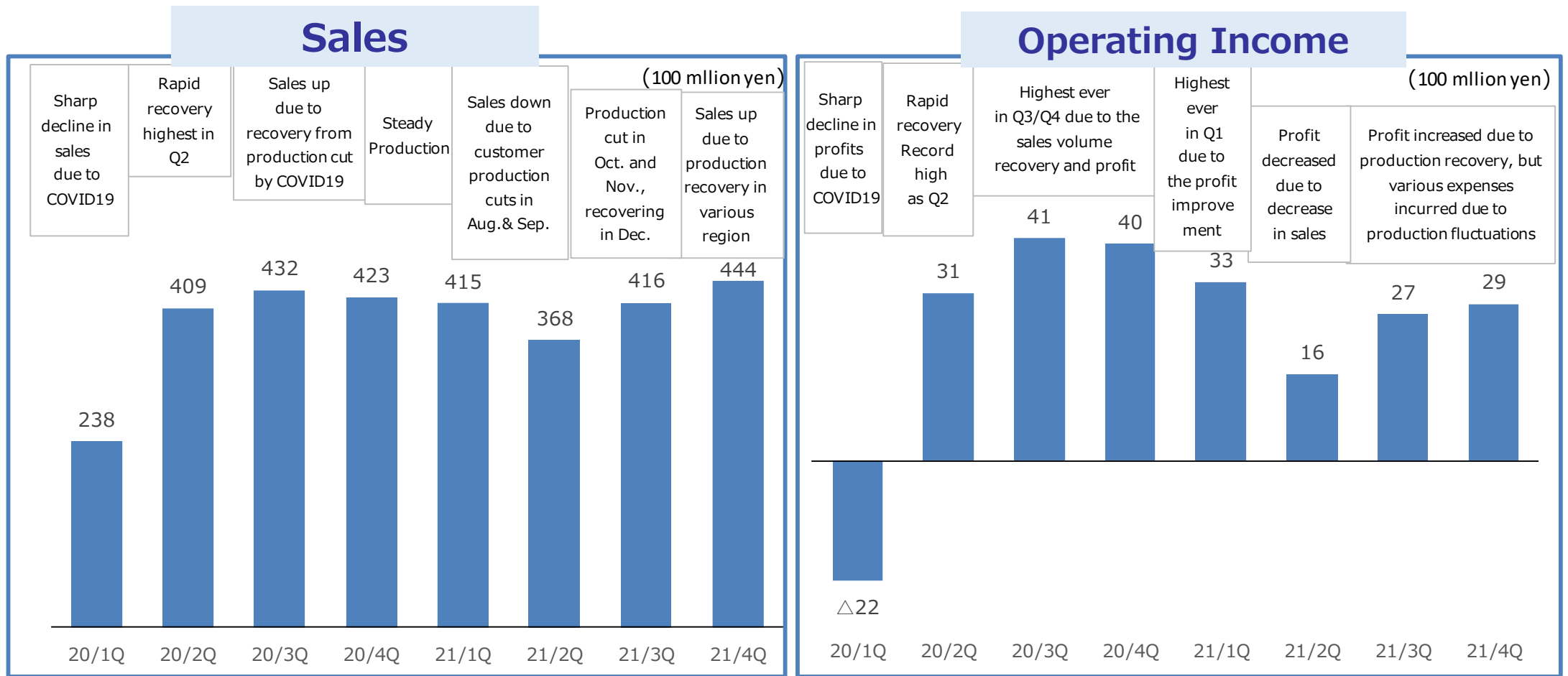
	Sales				Operating Income			
	FY2020 Result	FY2021 Forecast	YoY rate		FY2020 Result	FY2021 Forecast	YoY rate	
			Gain&Loss	%Change			Gain&Loss	%Change
Japan	702	687	△15	△2.2	51	61	+9	+18.8
(The impact of application of revenue recognition)		※ 1 (△35)						
Operating Income Ratio					7.4%	8.9%	+1.5P	
Europe & America	523	612	+89	+17.0	15	13	△1	△12.2
Operating Income Ratio					3.0%	2.2%	△0.8P	
Asia	277	344	+66	+24.0	18	31	+12	+66.7
Operating Income Ratio					6.8%	9.2%	+2.4P	

* 1 Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales (included figures) is as above.
The impact on profits is minor.

1-6 Quarterly Consolidated Financial Results



Sales and profits declined in the second quarter of 2021 due to the impact of reduction in production, recovering in the second half



1. Financial Results for FY2021
- 2. Full Year Forecast for FY2022**
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2-1 FY2022 Consolidated Financial Forecast



Gradual recovery in production will be expected from the first to the second half, although there are many uncertainties.

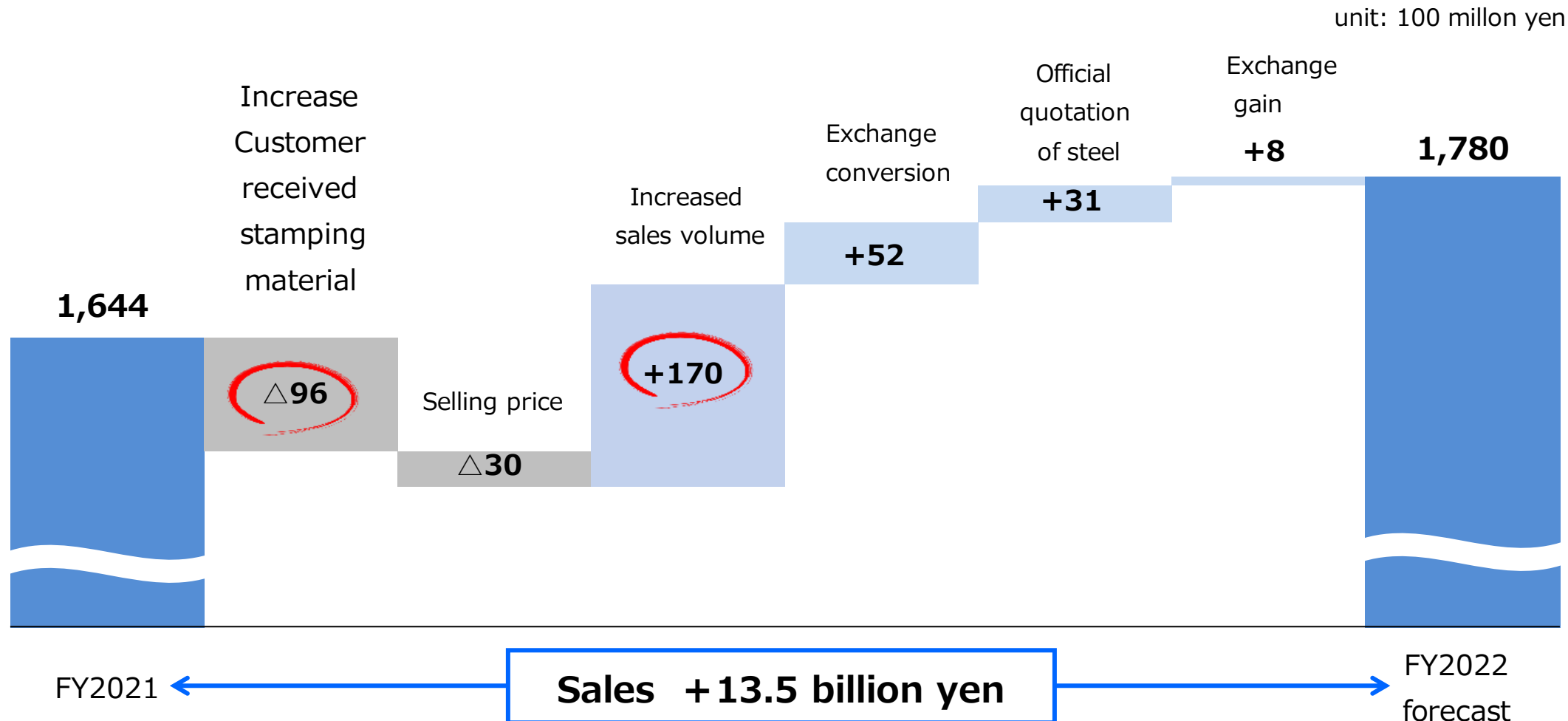
(100 million yen,%)

	FY 2021		FY 2022		YoY rate			
	2Q Total Result	Full Year Result	2Q Total Forecast	Full Year Forecast	2Q Total Gain&Loss	Full Year %Change	Full Year Gain&Loss %Change	
Sales	784	1,644	905	※1 1,780	+120	15.4%	+135	8.2%
Operating Income	50	107	45	125	△5	△10.4%	+17	16.2%
Operating Income Ratio	6.4%	6.5%	5.0%	7.0%	△1.4P	—	+0.5P	—
Ordinary Income	57	146	50	140	△7	△13.8%	△6	△4.2%
Ordinary Income Ratio	7.4%	8.9%	5.5%	7.9%	△1.9P	—	△1.0P	—
※2 Current Net Income	43	98	35	100	△8	△20.1%	+1	2.0%
R O E	—	8.1%	—	7.5%	—	—	△0.6P	—
R O A (Operating income basis)	—	4.6%	—	5.0%	—	—	+0.4P	—
Net Assts per Share	—	2,138円	—	2,254円	—	—	+116円	5.4%
Average exchange rate (US dollars)	109.9円	112.1円	120.0円	120.0円	10.1円	—	7.9円	—

※1 Compared to FY2021, sales will be expected decrease 9.6 billion since FY2022 3Q due to increasing of customer-received products for stamping materials.

※2 Current Net income is Profit attributable to owners of parent

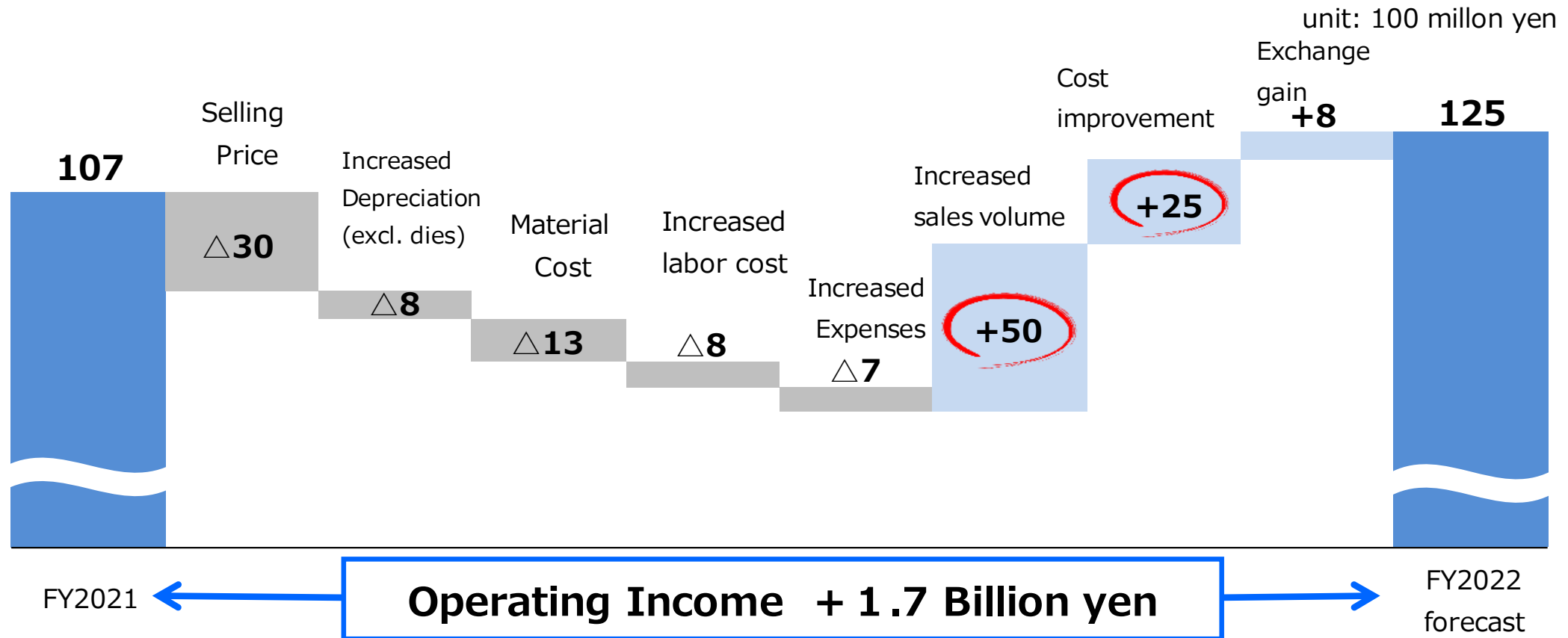
Sales up due to sales volume increase, although apparent decrease by increasing of customer-received stamping material



2-3 Causes of Fluctuation in Full Year Consolidated Operating Income



Profits are expected to increase due to sales recovery and continuous cost improvement.



2-4 Full Year Consolidated Business Segments



Sales and profits are expected to increase for stamping & molding and valves

(100 million yen,%)

	Sales				Operating Income			
	FY2021 Result	FY2022 Forecast	YoY Rate		FY2021 Result	FY2022 Forecast	YoY Rate	
			Gain&Loss	%Change			Gain&Loss	%Change
Stamping & Molding	1,142	1,227	+84	+7.4	49	66	+16	+34.1
(The impact of application of revenue recognition)	※ 1 (△35)	(△131)	(△96)					
Operating Income Ratio					4.3%	5.4%	+1.1P	
Valves	499	550	+50	+10.0	58	59	+0	+1.2
(The impact of application of revenue recognition)	※ 2 (0)	(0)	(0)					
Operating Income Ratio					11.7%	10.7%	△1.0P	

* 1 Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales (included figures) is as above.

FY2021 : Sales is expected to increase by 1 billion yen due to the collective recognition of mold cost collection, and decrease by 4.5 billion yen due to the offset display of sales and its cost for customer-received material. The impact on profits is minor.

FY2022 : Sales is expected to decrease by 13.1 billion yen due to the offset display of sales and its cost for customer-received material.

The impact on profits is minor.

* 2 The impact on sales and profits is minor.

2-5 Full Year in Consolidated Regional Segment



Sales and profits are expected to increase in Japan, Europe and Asia.

(100 million yen,%)

	Sales				Operating Income			
	FY2021 Result	FY2022 Forecast	YoY Rate		FY2021 Result	FY2022 Forecast	YoY Rate	
			Gain&Loss	%Change			Gain&Loss	%Change
Japan	687	698	+10	+1.5	61	64	+2	+4.1
(The impact of application of revenue recognition)	※ 1 (△35)	(△131)	(△96)					
Operating Income Ratio					8.9%	9.2%	+0.3P	
Europe & America	612	652	+39	+6.4	13	19	+5	+38.1
Operating Income Ratio					2.2%	2.9%	+0.7P	
Asia	344	430	+85	+24.8	31	37	+5	+16.8
Operating Income Ratio					9.2%	8.6%	△0.6P	

- * 1 Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales (included figures) is as above.
 FY2021 : Sales is expected to increase by 1 billion yen due to the collective recognition of mold cost collection, and decrease by 4.5 billion yen due to the offset display of sales and its cost for customer-received material. The impact on profits is minor.
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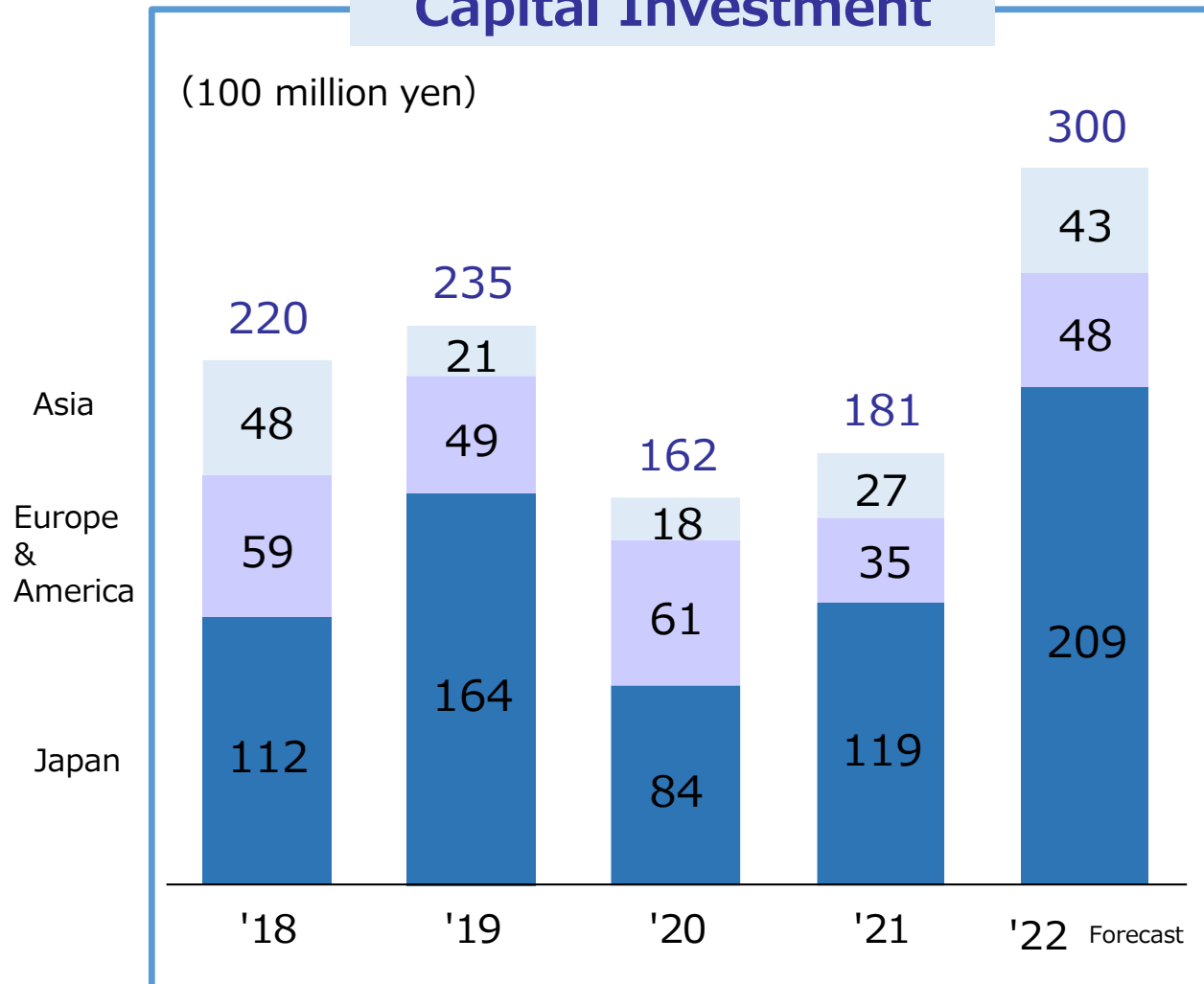
2-6 Consolidated Capital Investment and Depreciation



Investments for future growth in FY2022

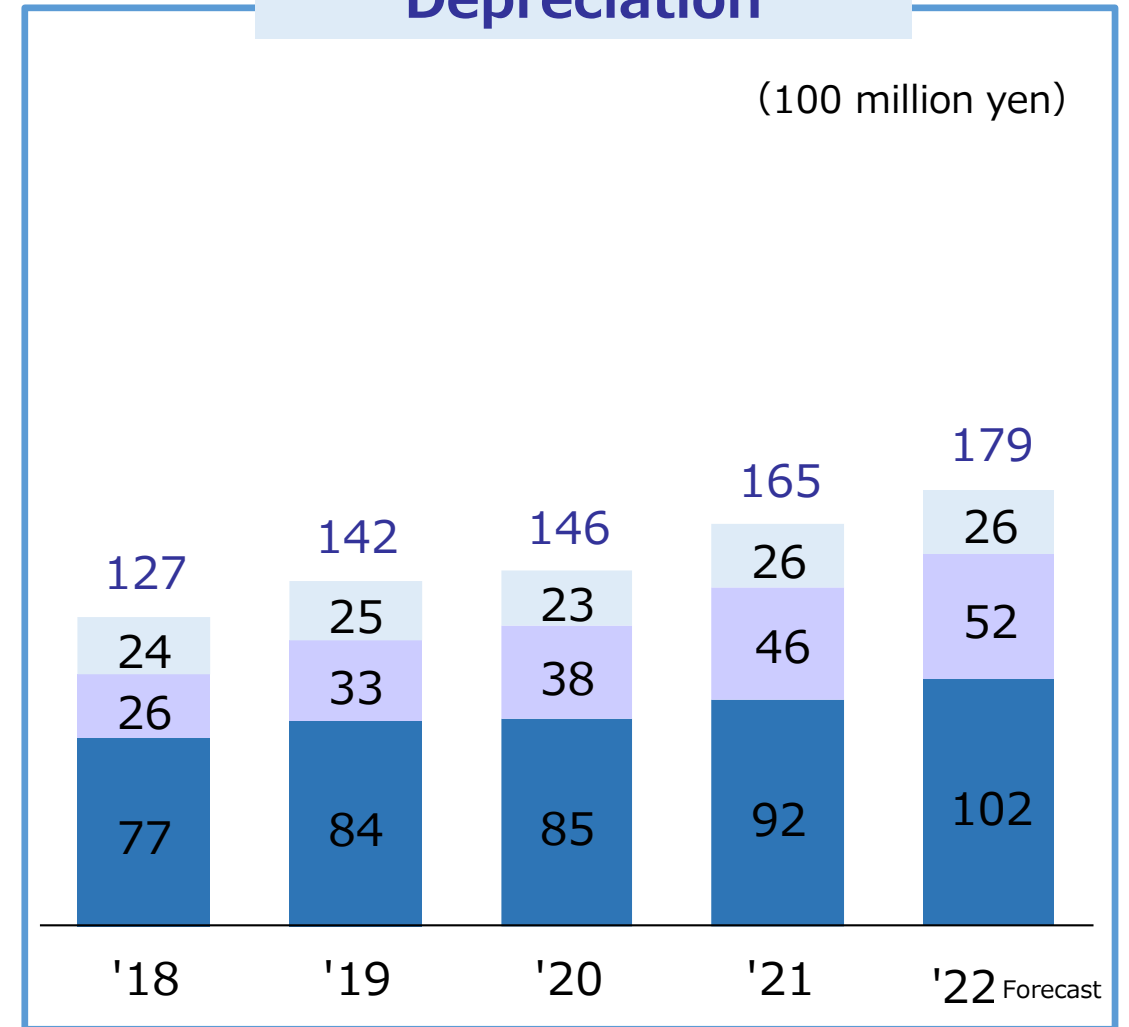
Capital Investment

(100 million yen)



Depreciation

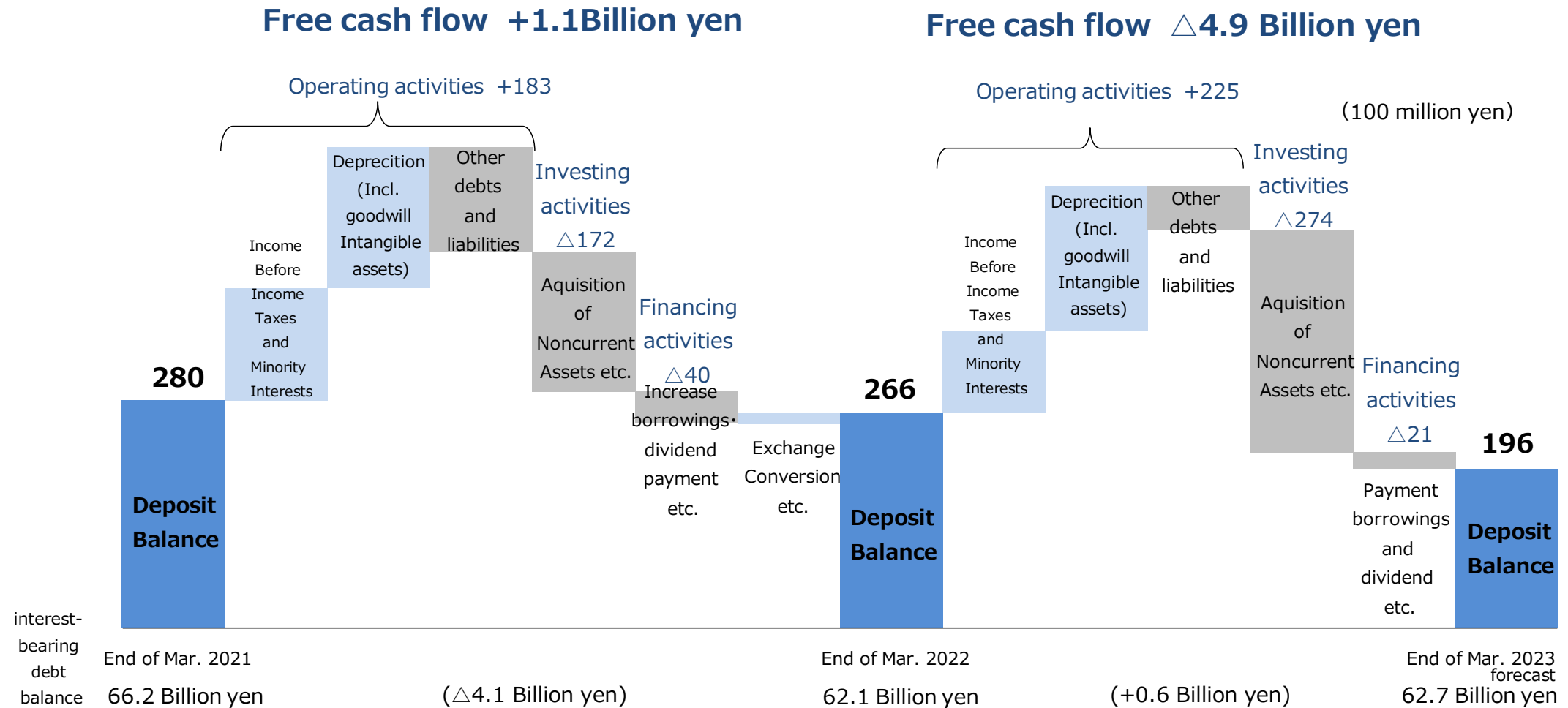
(100 million yen)



2-7 Consolidated Cash Flows



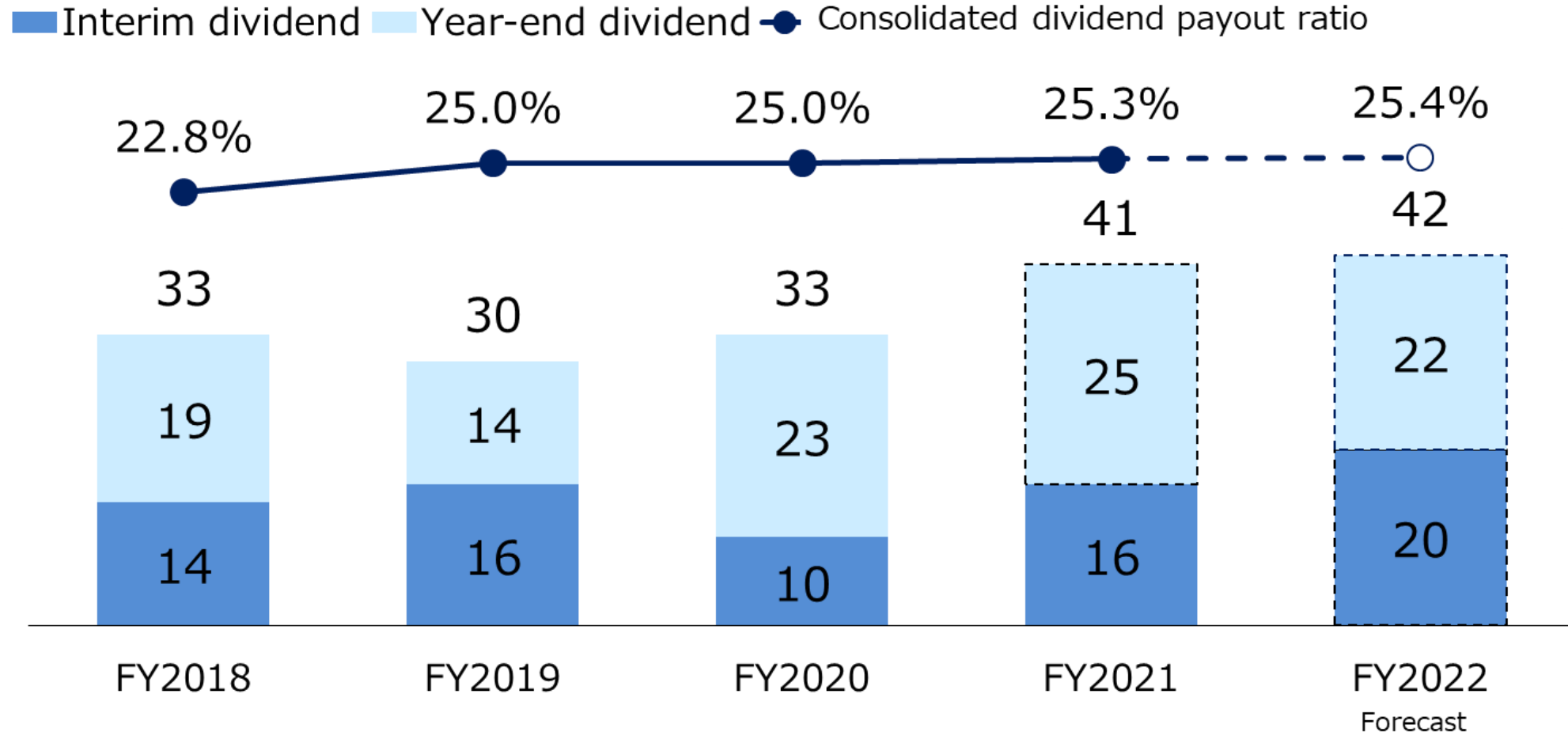
Implement efficient fund management by strengthening cash management within the Pacific group



2-8 Return to Stockholders : Dividend



Dividends increased in FY 2021 with increased profits, and stable dividends will continue in FY 2022.



Established a 1 billion yen stock repurchase limit and continued to emphasize capital efficiency in management.

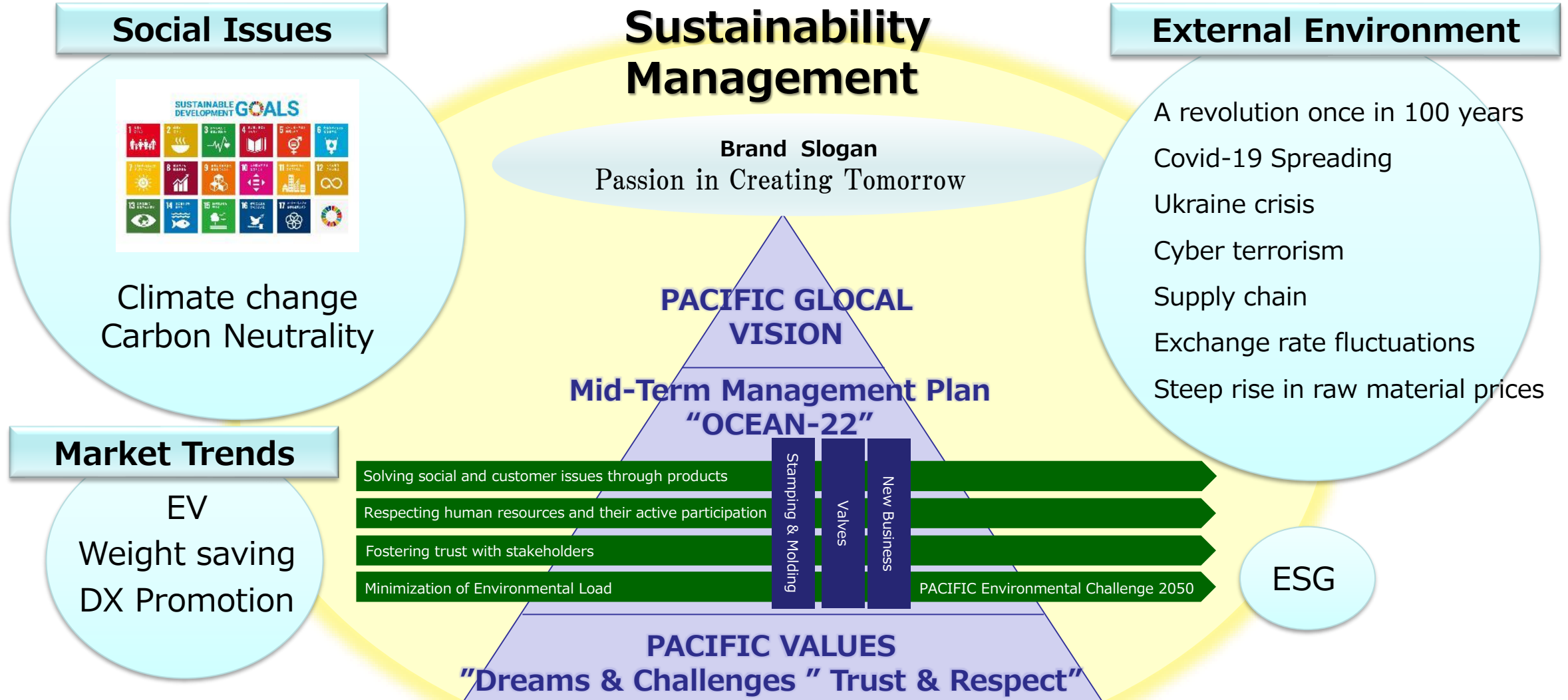
Total amount : 1 billion yen (max)

Number of shares : 1.3 million shares (max)

Method : Buying on the open market

Period : May 2nd - August 31st, 2022

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3-2 Weave "OCEAN-22" as a Warp, "SDG Activities" as a Weft



Passion in Creating Tomorrow PACIFIC GLOCAL VISION

PACIFIC Environmental Challenge 2050

OCEAN-22

SDGs·ESG activities
Fostering trust with stakeholders

Solving social and customer issues through products

Minimizing environmental load
2030 target: 35% reduction in CO2 emissions

Respecting human resources and their active participation

Business activities

Stamping & Molding Product Business



Valve Product Business



New Product Business



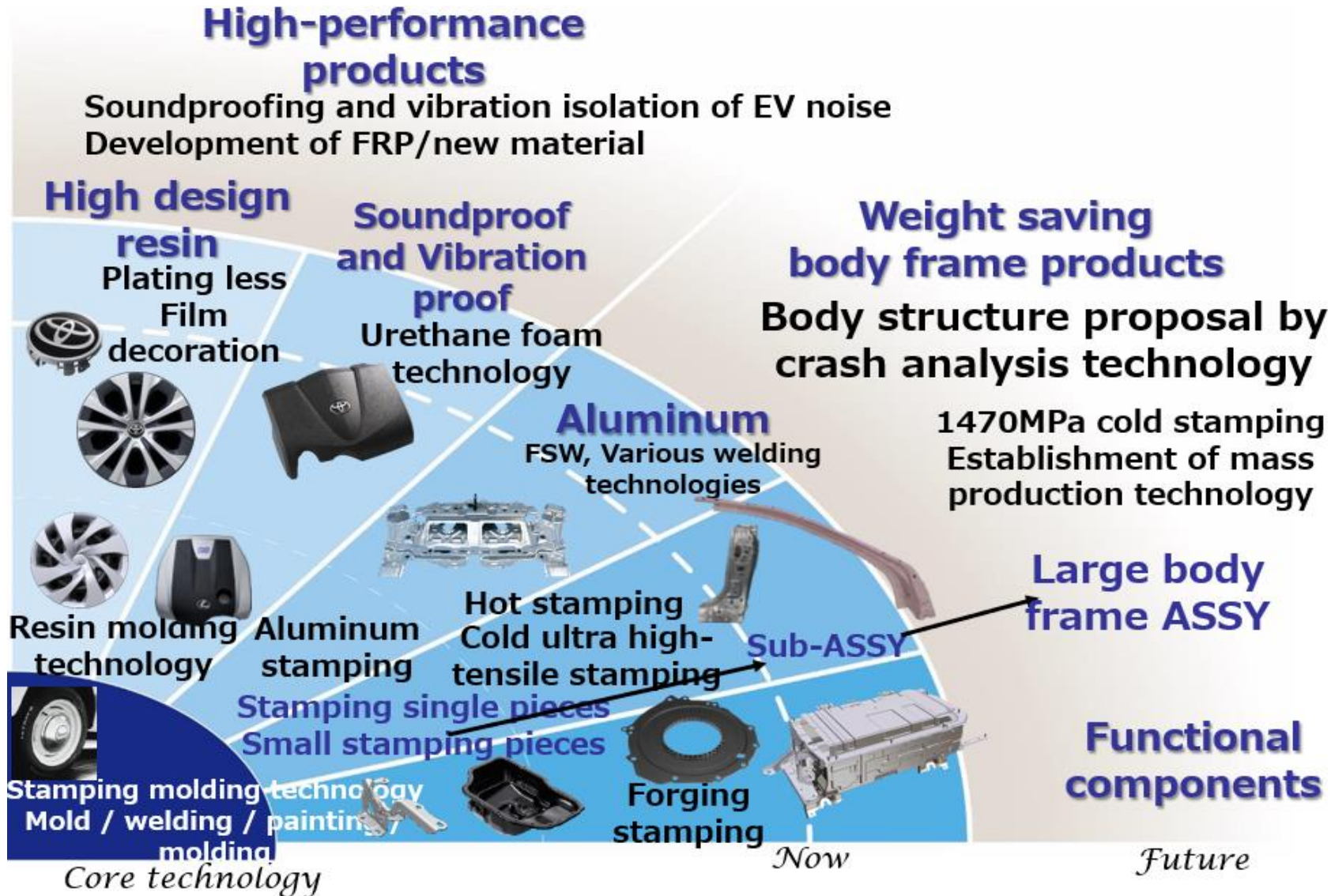
Contributing to prosperous and sustainable living in next-generation mobility society through "monozukuri"

PACIFIC VALUES "Dreams & Challenges" "Trust & Respect"

3-3 Business Areas of Stamping & Molding Technologies



We supply body frame parts that ensure the strength and rigidity of the car body, high-design and high-performance resin parts, etc.



Main customers :
 Toyota group
 Other Japanese car manufacturers

3-4 Business and Technology Areas of Valve Products

Develops and manufactures various valves using the fluid sealing technology cultivated in the valve core, the founding product, as the core technology.



Tire valves

- Market share Japan 100%, Overseas 50%
- Main customers Domestic and overseas tire manufacturers

Valves for Control equipment

- Charging valves, Relief valves etc.
- Main customers Car air conditioner compressor manufacturers, piping manufacturers

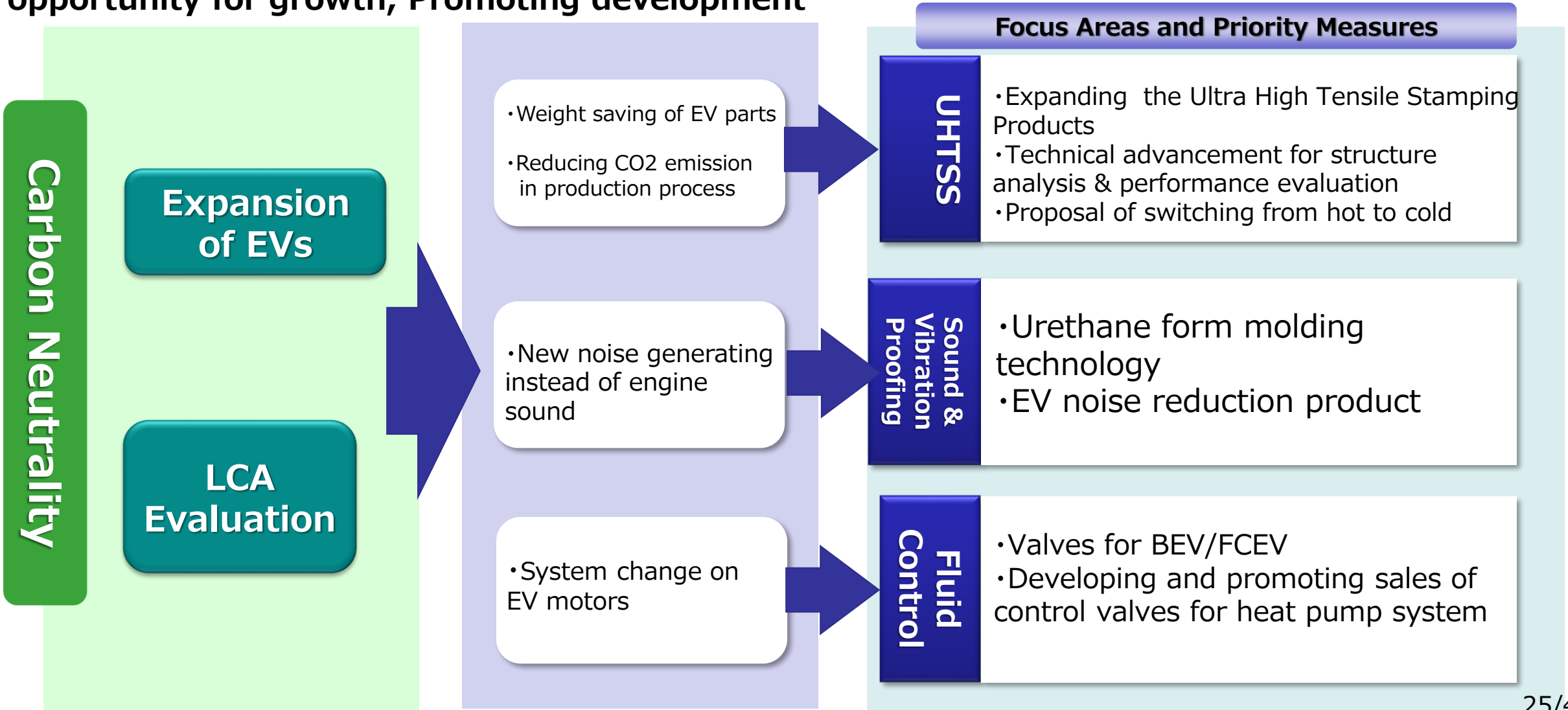
Valves for industrial use

- For industrial machinery, aircraft, etc.
- Obtained by acquiring Schrader business



Aluminum die-cast products
(Produced in Korea)

Believing actual needs change of CN & Vehicle Electrification provides the greatest opportunity for growth, Promoting development



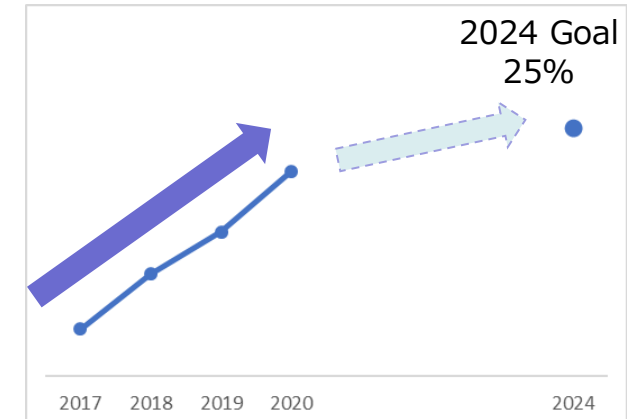
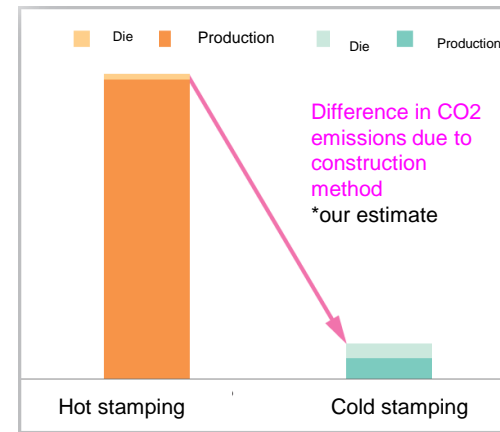
Body structure analysis technology contributes to collision safety and weight reduction of the vehicle body

Expanding the area of stamping frame parts

- Promoted proposal of switching from hot to cold
- Developed 1470MPa material cold molding & mass-production technology
- Expansion of large body frame assembly parts

Strengthening structure analysis and making effective proposals

- Collision analysis / forming analysis/evaluation
- Expansion of analysis model, accuracy improvement
- Optimal proposal for body structure
- Shortened development lead time



(KPI) Changes in sales ratio of ultra-high-tensile products to stamping products



Collision Analysis



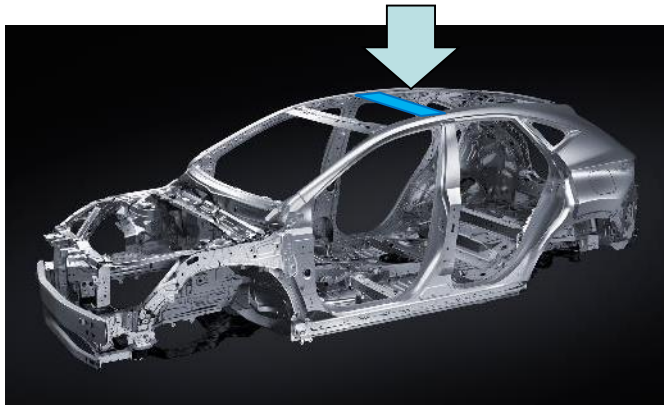
Forming Analysis

3-7 New Product Topics

Strategically develop new technologies and products, and promote adoption and mass production in sequence

Cold stamping parts of 1470MPa material

- Adopted for roof center reinforcement for Lexus NX
- 22% lighter than before
- Promoted proposals to expand application to other vehicle types



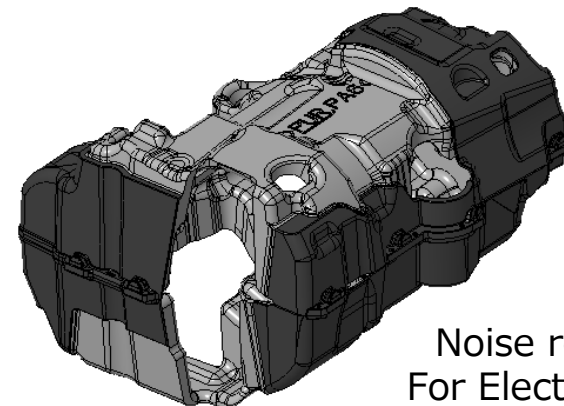
Weight reduction contributes to lowering the height of the center of gravity and improving steering stability



Roof Center Reinforcement

Noise reduction cover for Electric compressors

- Manufactured with Urethane form molding Techniques
- For new noise generating instead of engine sound
- Developing for adoption in EV noise reduction growing needs increasingly.

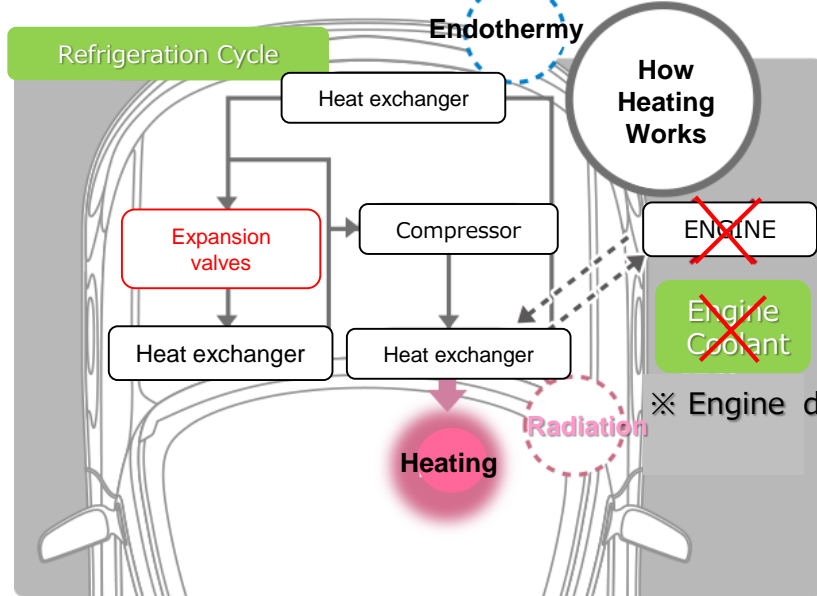


Noise reduction cover For Electric Compressors

for Electrification

Accelerate the development of control valves for heat pump car air conditioners for the progress of electrification

Changes in market needs



- Increased needs for control valves such as electric expansion valves due to the shift to heat pump car air conditioners
- Integrated multiple valves for higher functionality



Electric expansion valves for BEV

Development/Sales system

- Development integrated with SCHRADER business
- Creating synergies and promoting global sales by understanding customer needs in Japan, the U.S., and Europe



3-9 Technology development in new fields

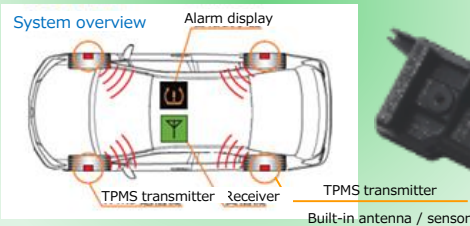
Promoted new product development and new business development including solutions by utilizing core technology

Development of new technologies and products that lead to solutions to social issues

《 Applied areas 》

TPMS core technology

Wireless / sensing



Market needs

A demand for monitoring Data Business

Medical goods transportation

*1 GDP Guideline

Food transportation

*2 HACCP management method

The livestock industry

IT/Industrial arena

App·Cloud·A I

*1 GDP (Good Distribution Practice) ... International standards aimed at ensuring pharmaceutical product quality during transportation and storage.

*2 HACCP (Hazard Analysis and Critical Control Point) ... Food sanitation standards for food and other business operators to monitor and control process from receiving raw materials to shipping and serving.

3-10 New Product Applying Sensing Technology

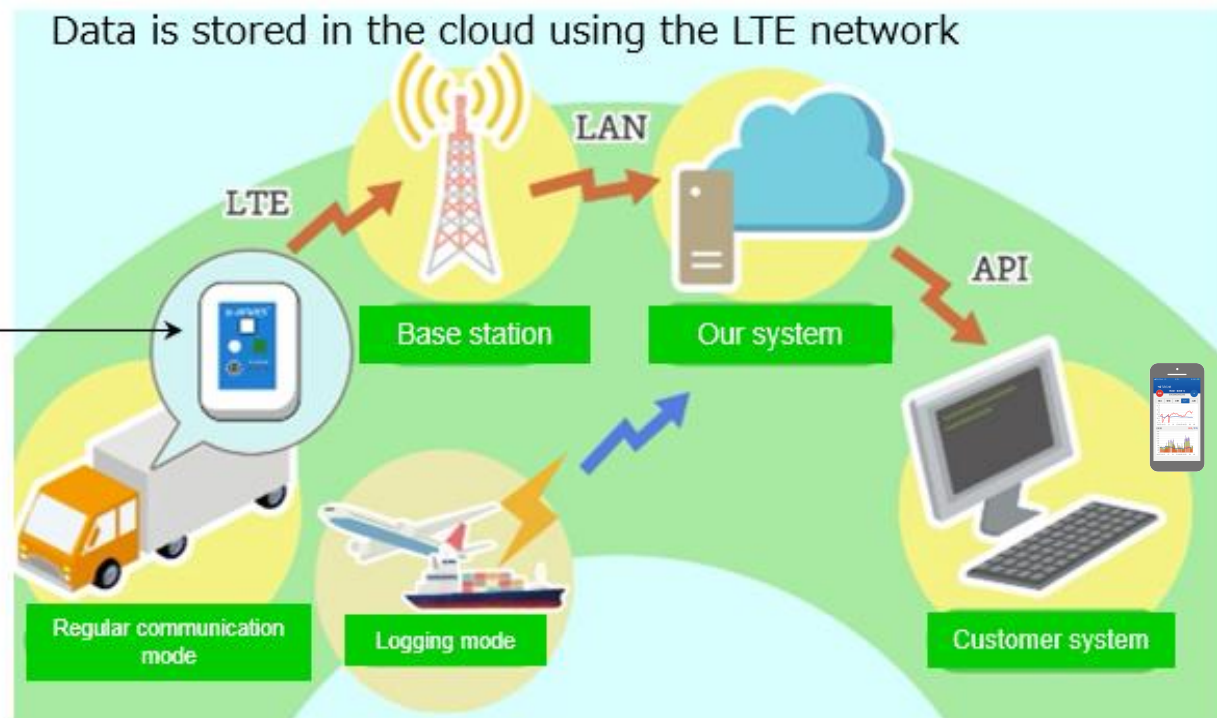
Providing new value for logistics solutions

“e-WAVES” , the multi sensing logger

- It can sense temperature, humidity, vibration, position, barometric pressure, and illuminance
- It checks the status of food and drug transportation in real time



“ e-WAVES ”



Utilized to Transportation, control temperature (-80℃) and storage of Covid-19 vaccines, also used for medical supplies and food transportation

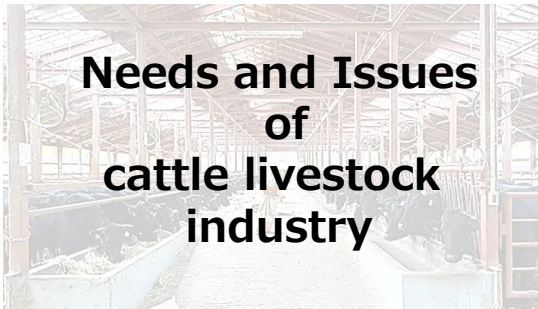
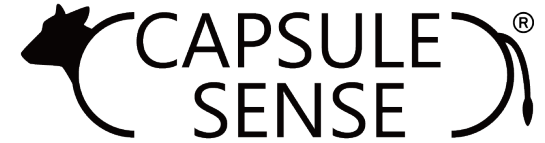
•Product introduction video

: <https://www.pacific-ind.co.jp/products/loT/e-waves.mp4>

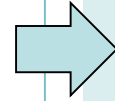
3-11 New Product Applying Sensing Technology

Contributing to the growth of high-quality cattle and Solving the challenges facing farmers by labor saving and improving management efficiency

Cattle body condition monitoring "CAPSULE SENSE"



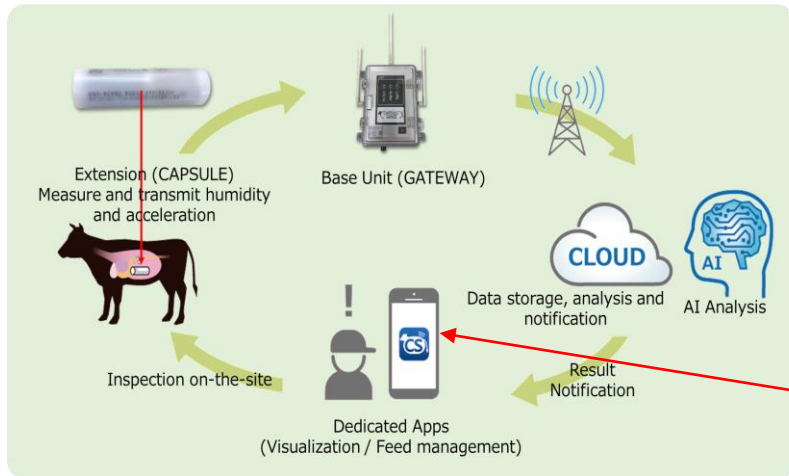
- ▶ Labor saving Increase in number of animals per household and lack of successors
- ▶ Productivity Improvement Decreased productivity due to lower conception rates
- ▶ Disease detection Economic loss due to illness, injury, accident, etc.



Solving with TPMS Sensing & ICT Technologies

60 billion yen loss Annual in Japan

System Overview of "CAPSULE SENSE"



App screen



- A capsule with a sensor placed in the cattle stomach transmits the results periodically and wirelessly
- Sensing data is accumulated and analyzed in the cloud
- Detects signs of physical changes and notifies
- Detects estrus, parturition, and disease of cattles → Productivity Improvement
- Decrease Economic loss

Scheduled to start sales at the end of May in 2022

Detectable estrus, parturition, and disease of cattles !

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4-1 Key Issues of Sustainability

Identified 4 themes and 15 materialities related to long-term vision

Vision : A company that leverages its core technology and continuously provides new business, new products and new technologies toward a sustainable society

■ Solving social and customer issues through products

- Contribution to a sustainable mobility society and prosperous living
- Improving mobility safety
- Development of environment-conscious products



■ Minimizing environmental load

- Mitigation of and adaptation to climate change
- Sustainable resources use
- Conservation of water resources



Vision : A truly GLOCAL company that is worthy of stakeholders' trust, rooted in communities and able to co-exist and co-develop with them

■ Fostering trust with stakeholders

- Corporate ethics and compliance
- Responsible procurement
- Improvement in customer satisfaction
- Local community development



Vision : A company that values employees' new ideas, challenges and ensures they feel the harmonious balance between life and work

■ Respecting human resources and their active participation

- Respect for human rights
- Stable employment and decent work environment
- The safety and health of employees
- Development of human resources and cultivation of culture that we can tackle new endeavors
- Diversity and inclusion



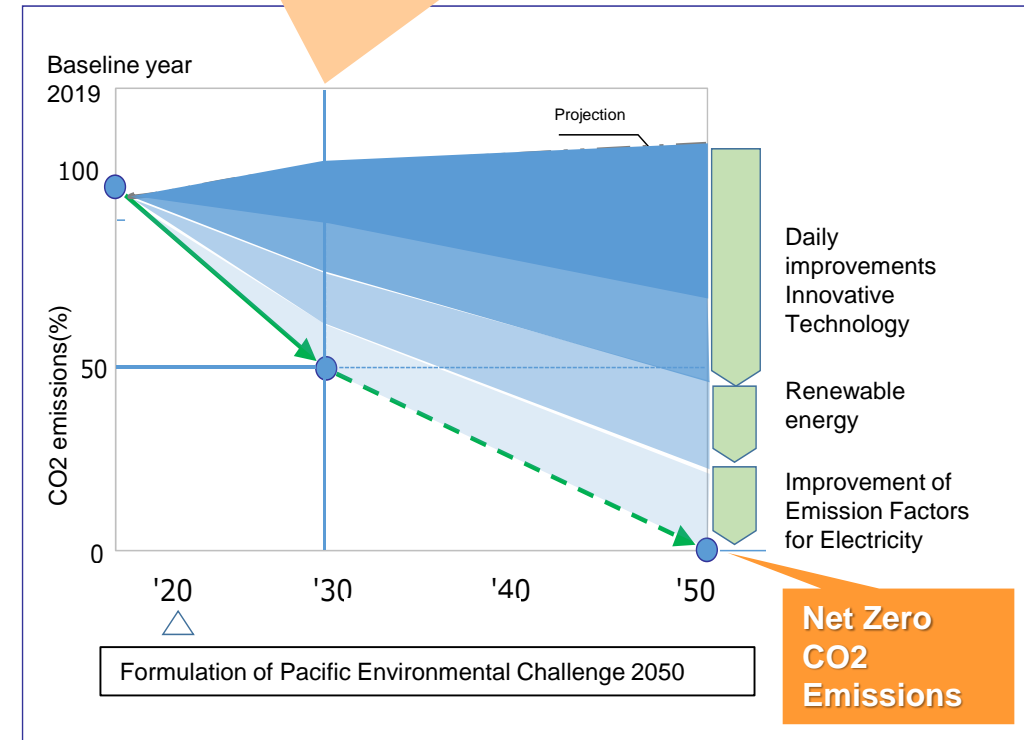
4-2 Minimizing Environmental Load

Setting milestones and accelerate efforts

	Materiality	SDGs	Item	Current Status (FY2020 Result)	2030 Targets	2050 Targets
Carbon neutrality	Mitigation of and adaptation to climate change	13 気候変動に具体的な対策を	CO2 emissions	85.8(kt)	From 2019 50% reduction	Net Zero
		7 安全な水とトイレを世界中に				
Minimizing Environmental load	Sustainable resources use	12 つくる責任 つかう責任	Amount of industrial wastes	2,539(t)	From 2019 60% reduction in Japan 30% reduction in overseas	Minimum usage
	Conservation of water resources	6 安全な水とトイレを世界中に	Water usage	1,645 (km ³)	Optimal usage	Minimum usage

<2030 Mid-term Goal>

- CO2 emission... **▲50%**
- Renewable energy usage ratio ... **over 20%**



4-3 Efforts Toward Carbon Neutrality

Identify energy reduction measures from three perspectives and aim to achieve CO2 emission reduction targets

1. Energy saving through daily improvement activities

2. Energy saving by introducing high-efficiency equipment



Replacing once-through high-efficiency boiler, making it possible to switch the fuel from heavy oil to city gas

The introduction of special high-voltage power feeding system

Downsizing cationic electrodeposition coating (E-Coat) equipment, it makes improving of energy Conservation and Productivity

**Reduction of CO2 Emissions
About 680t/annual**

**Reduction of CO2 Emissions
About 1,000t/annual**

**Reduction of CO2 Emissions
About 320t/annual**

4-4 Efforts Toward Carbon Neutrality

Identify energy reduction measures from three perspectives and aim to achieve CO2 emission reduction targets

3. Introduction of renewable energy

Achieved 100% using renewable energy at 3 domestic basis incl. Tohoku & Kyusyu



Solar Plants at Kurihara Plant

- **APR 2022 Switching externally purchased power to renewable energy**
Reduction of CO2 Emissions : 2plants at Tohoku **2,300t/Annual**
Kyusyu Plant **1,500t/Annual**
- **Solar Power Generation Introduction**
Domestic 7plants Overseas 2plants

Taiwan subsidiary (Aug 2021), Kurihara Plant (Jan 2022)
Installation of solar panels through PPA method

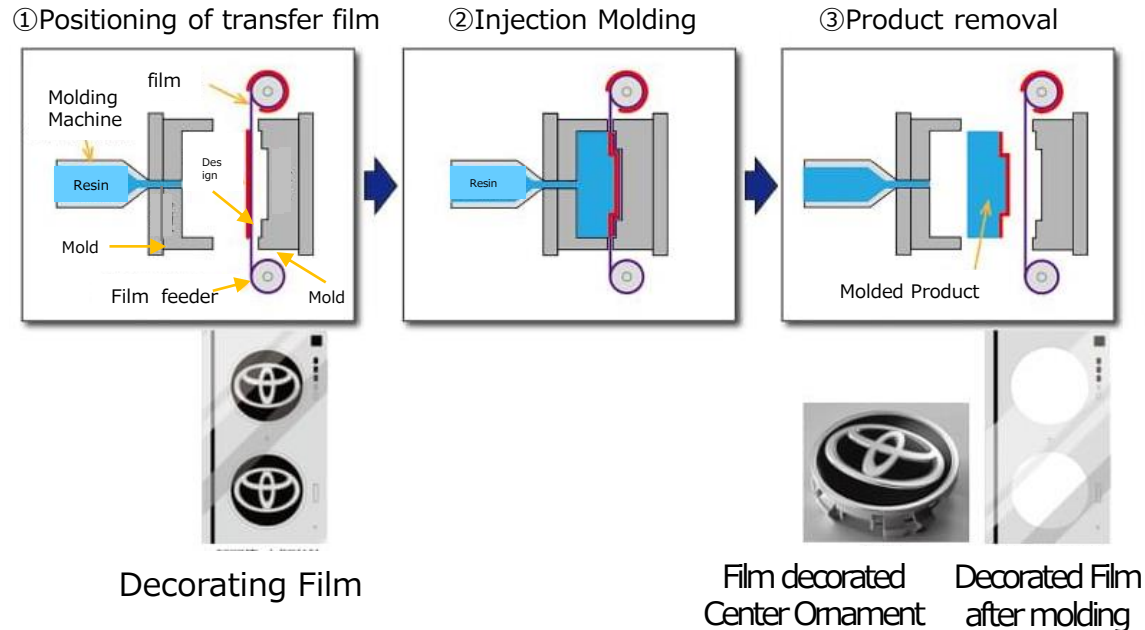
4-5 Minimizing Environmental Load : Sustainable Resource Use

Recycle, reuse and waste reduction efforts to realize a recycling-oriented society

Recycling of waste plastics

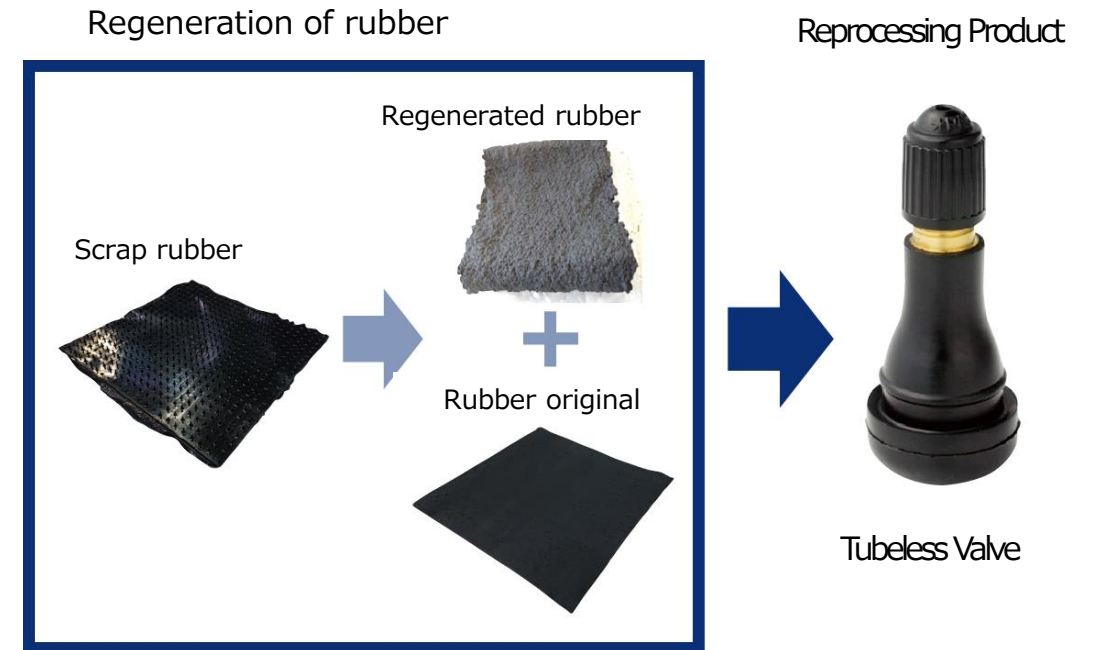
- 100% recyclable with our Plating-less unique film decoration technology

Principle of In-mold film decoration



Scrap rubber recycling

- Scrap rubber generated during the tire valve molding process is recycled and reused with rubber compounding technology



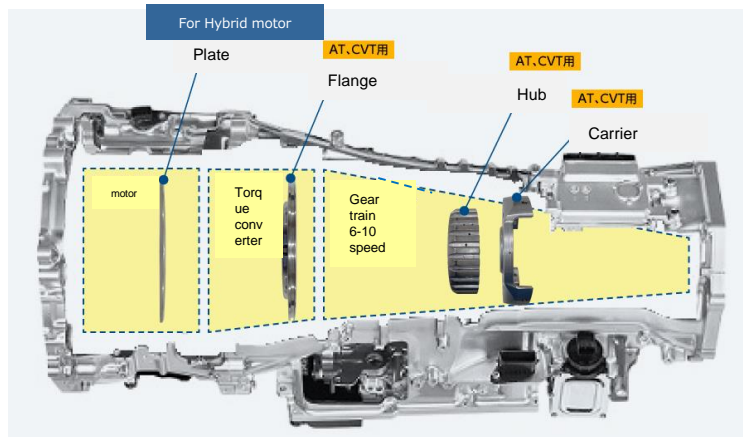
4-6 Solving social and customer issues through products

Improved customer satisfaction by reducing costs, and reducing environmental load in manufacturing processes and LCA

Awards received from customers : 27cases (global results in FY2021)

Process reduction: Coating treatment for forged products

- Innovating the coating process and cost reduction achieved.
- Zero CO2 emissions and waste liquid generation
- Reduced labor cost for die and equipment maintenance.
- Received Awards of Excellence from customer



CARRIER

Adopted as high-function parts for AT and hybrid-related units in automobiles

Adopted GFRP engine undercover

- World's first adoption for SUVs
- 76% lighter than before
- Received a project award from Toyota
- Received “the Mobility Related Parts Award” in [Super Manufacturing Parts Award] by Nikkan Kogyo Shimbun



GFRP Engine undercover

Contributes to excellent running performance by protecting the lower part of the body off-road

Promote initiatives to improve employee engagement and maximize the value of human capital

Corporate Value Enhancement

Maximize the value of human capital

Vision :
A company that values employees' new ideas, challenges and ensures they feel the harmonious balance between life and work

Innovation by Diverse Human Resources

Job satisfaction, pride & better Productivity

Raising the level of human resources

Workplace Improvement

Development of human resources

Diversity & Inclusion

Cultivation of culture that we can tackle new endeavors

Respect for Human Rights

Realization of Work-Life Balance

Creation of decent work environment

Manufacturing is about Human resource development

4-8 Efforts Toward Sustainability Management

Evaluation by external organizations as a result of our efforts of "OCEAN-22"

Information Disclosure Initiatives

- We endorsed the TCFD in May 2021, and promote integration and disclosure of climate change impacts into strategies
- Published of Sustainability Report 2021
- Disclosure of various non-financial information on website
- Corporate site renewal

<https://www.pacific-ind.co.jp/>



Evaluation by External Organizations

- Selected for "FTSE Blossom Japan Sector Relative Index"
- Selected under the "2022 Certified Health & Productivity Management Outstanding Organizations"
- Selected for CDP's "Supplier Engagement Rating" Leaderboard for 2 Consecutive Years
- Awarded the "Bronze Medal" in EcoVadis rating



FTSE Blossom
Japan Sector
Relative Index



Constructing a global mother plant with an eye on business expansion and carbon neutrality, strengthening cost competitiveness in the medium to long term

《 Global Mother Plant 》

- A plant that pursues manufacturing efficiency
- A plant where employees can work lively



New plant exterior image

Place : Ogaki-city, Gifu-ken
Production item : Stamping products for automobiles
Land Space : 80,000m²
Floor Space : 43,000m² (Stamping-Welding Plant)
Start of operation : mid-2023

《 CO2 reduction measures 》

- Plant building specifications
- Plant driving force
- High efficiency equipment
- Logistics system
- Renewable energy



思いをこめて、あしたをつくる

Passion in Creating Tomorrow