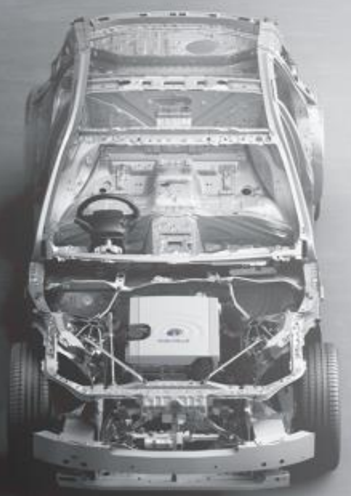

Financial Results Briefing for Q3 Year Ending March 2022

The 98th period : Cumulative Third Quarter
(Apr. 1st, 2021- Dec. 30th, 2021)

February 2, 2022

PACIFIC INDUSTRIAL CO., LTD.

(No explains)

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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.

(No explains)

1-1 Q3 Consolidated Results

PACIFIC

Business performance exceeded the same period of the previous year, and profit reached a record high

(100 million yen, %)

	FY2020	FY2021	YoY rate	
	Q3 Cumulative Result	Q3 Cumulative Result	Gain&Loss	% Change
Sales	1,080	*1 1,200	+120	+11.1
Operating Income	49	Record High 77	+28	+56.8
Operating Income Ratio	4.6%	6.5%	+1.9P	–
Ordinary Income	58	Record High 100	+41	+70.9
Ordinary Income Ratio	5.4%	8.4%	+3.0P	–
Quarterly net income attributable to the parent company shareholders	42	Record High 74	+31	+73.4
Quarterly Net Income margin	3.9%	6.2%	+2.3P	–
Average exchange rate（U.S. dollars）	¥105.7	¥110.9	+¥5.2	–

* 1 Revenue recognition accounting standards have been applied since 2021. The amount of impact on sales is as follows. The impact on profits is minor.Sales increased by 500 million yen due to the collective recognition of mold cost collection, and decreased by 3.3 billion yen due to the offset display of sales of customer-received products and cost of sales.

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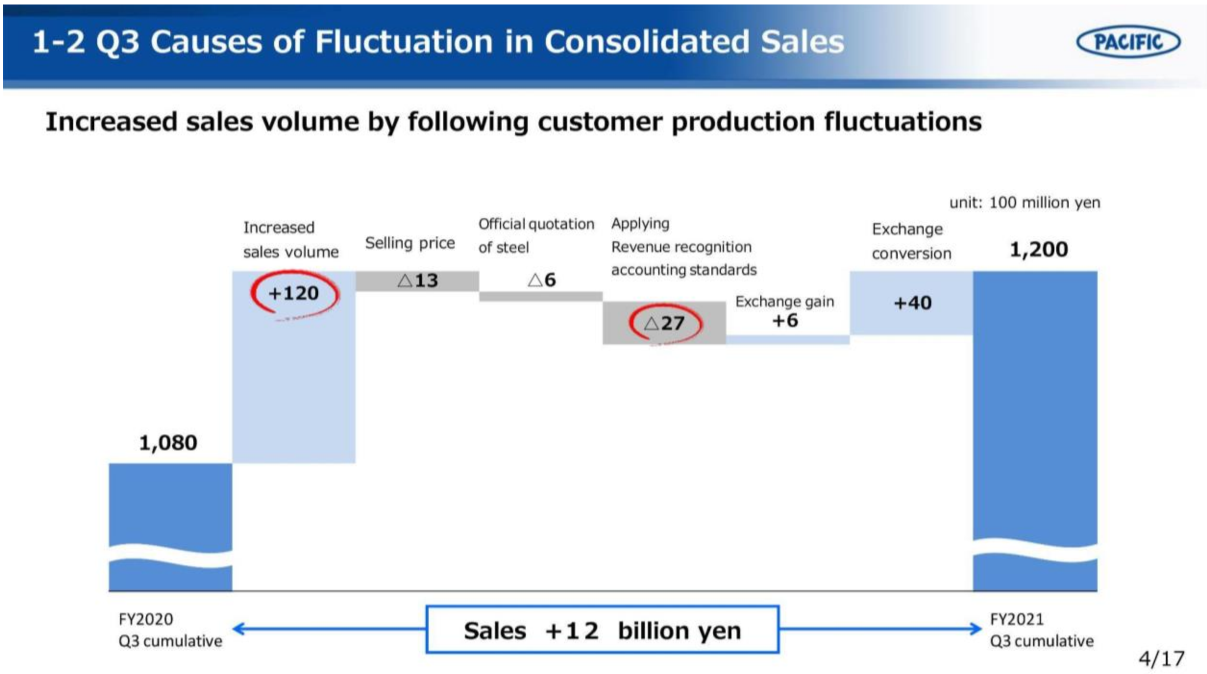
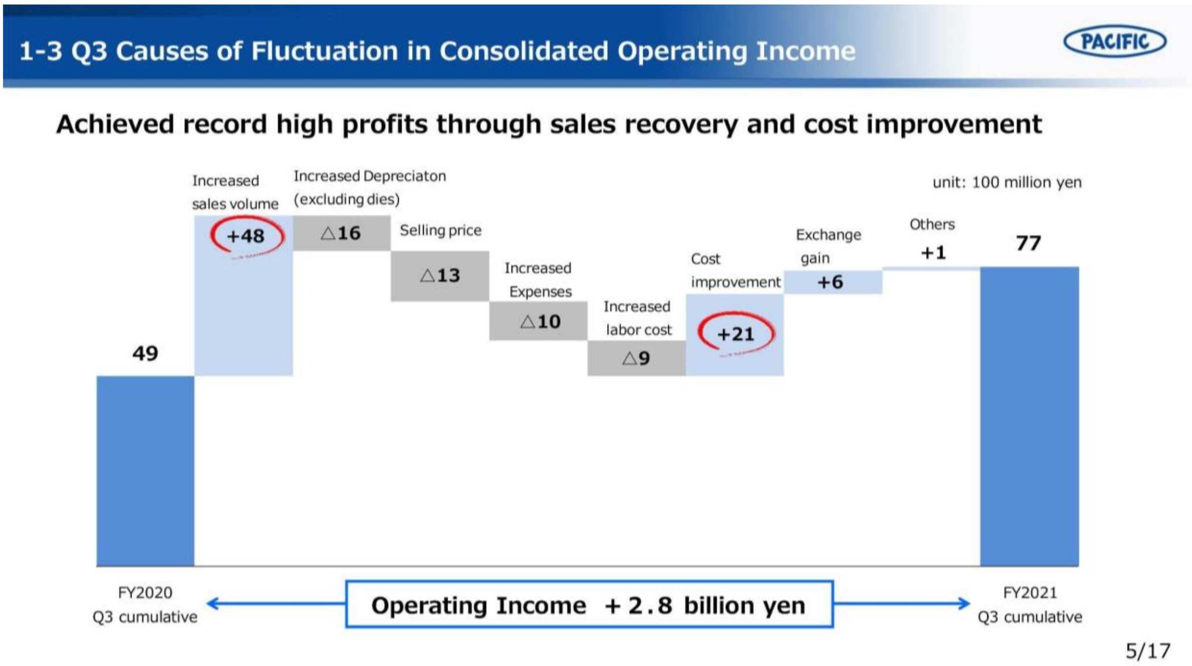
In the last three quarters, there was a negative impact due to production cutbacks at major customers due to parts shortages that continued from the latter half of the second quarter until October, but the impact diminished in November and normal operations were restored in December. We secured our production system and followed the production fluctuations of our customers.

As a result, the Group's consolidated net sales for the first three quarters of the fiscal year have increased 11.1% YoY to JPY120 billion. As for profits, operating income was JPY7.7 billion, ordinary income was JPY10 billion, and the net income was JPY7.4 billion, all of which were record highs for cumulative third quarter period, thanks to the improvement of the profit structure through fixed cost reduction activities in the previous fiscal year and the continuous promotion of cost improvement.



Net sales increased by JPY12 billion from JPY108 billion in the previous three quarters to JPY120 billion, mainly due to the JPY12 billion effect caused by increased sales volume and the JPY2.7 billion negative impact of the adoption of revenue recognition accounting standards.

If we excluded the impact from the revenue recognition accounting standards, sales would be at the same level as the record high of JPY123 billion in FY2019.



Operating income increased by JPY2.8 billion to JPY7.7 billion from JPY4.9 billion in the previous three quarters, mainly due to higher profits from increased sales volume and improved cost of sales.

1-4 Q3 Consolidated Business Segments

PACIFIC

Increased sales and profits for stamping & molding and valves

(100 million yen,%)

	Sales				Operating Income			
	20/Q3 Cumulative Result	21/Q3 Cumulative Result	YoY rate Gain&Loss	YoY rate %Change	20/3Q Cumulative Result	21/3Q Cumulative Result	YoY rate Gain&Loss	YoY rate %Change
Stamping & Molding	755	829	+73	+9.7	18	32	+14	+76.5
(The impact of application of revenue recognition)		*1 (△28)						
Operating Income Ratio					2.5%	3.9%	+1.4P	
Valves	323	369	+45	+14.2	30	45	+14	+47.6
(The impact of application of revenue recognition)		*2 (0)						
Operating Income Ratio					9.5%	12.2%	+2.7P	

*1 Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales (included figures) is as above. Sales increased by 500 million yen due to the collective recognition of mold cost collection, and decreased by 3.3 billion yen due to the offset display of sales of customer-received products and cost of sales. The impact on profits is minor.

*2 The amount of impact on sales (included figures) is as above. The impact on profits is minor.

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Sales in the Stamping & Molding segment increased by 9.7% to JPY82.9 billion, and operating income increased by 76.5% to JPY3.2 billion. As a result of the adoption of the revenue recognition accounting standards, net sales decreased by JPY2.8 billion from the previous standard.

Sales in the Valve Manufacturing business increased by 14.2% to JPY36.9 billion, and operating income increased by 47.6% to JPY4.5 billion.

1-5 Q3 Consolidated Regional Segment

PACIFIC

In Japan, decreased in sales and increased in profit (In fact, sales increased except for the impact of revenue recognition), and increased in sales and profits in Europe, the United States and Asia.

(100 million yen,%)

	Sales				Operating Income			
	20/Q3 Cumulative Result	21/Q3 Cumulative Result	YoY rate Gain&Loss	YoY rate %Change	20/Q3 Cumulative Result	21/Q3 Cumulative Result	YoY rate Gain&Loss	YoY rate %Change
Japan	511	507	△4	△0.8	31	46	+15	+50.4
(The impact of application of revenue recognition)		*1 (△27)						
Operating Income Ratio					6.1%	9.2%	+3.1P	
Europe & America	373	455	+82	+22.1	3	8	+4	+132.7
Operating Income Ratio					1.0%	1.9%	+0.9P	
Asia	195	237	+41	+21.3	12	22	+9	+75.1
Operating Income Ratio					6.6%	9.5%	+2.9P	

*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.

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Net sales in Japan decreased by approximately 1% YoY to JPY50.7 billion. This is essentially a 5% increase in revenue, excluding the impact of JPY2.7 billion decrease due to the adoption of revenue recognition accounting standards. Operating income increased by 50.4% to JPY4.6 billion.

Sales in the U.S. and Europe increased 22.1% to JPY45.5 billion, and operating income increased 132.7% to JPY0.8 billion.

Net sales in Asia increased by 21.3% to JPY23.7 billion and operating income increased by 75.1% to JPY2.2 billion.

2-1 Full Year Consolidated Financial Forecast

PACIFIC

Revised full-year forecast (sales, operating income) by incorporating the latest customer production information in Q4

(100 million yen,%)

	FY2020	FY2021		YoY rate		Previous Forecast Rate	
	Result	Previous Forecast	Forecast this time	Gain&Loss	%Change	Gain&Loss	%Change
Sales	1,504	1,640	*1 1,610	+105	7.0%	△30	△1.8%
Operating Income	89	105	100	+10	11.4%	△5	△4.8%
Operating Income Ratio	6.0%	6.4%	6.2%	+0.2P	–	△0.2P	–
Ordinary Income	112	125	125	+12	11.4%	+0	0.0%
Ordinary Income Ratio	7.5%	7.6%	7.8%	+0.3P	–	+0.2P	–
*2 Current Net Income	79	90	90	+10	12.8%	+0	0.0%
ROE	7.6%	7.7%	7.6%	+0.0P	–	△0.1P	–
ROA (Operating income basis)	4.2%	4.6%	4.3%	+0.1P	–	△0.3P	–
Net Assts per Share	¥1,846	¥2,018	¥2,049	¥203	11.0%	+¥31	1.5%
Average exchange rate (US dollars)	¥105.4	¥110.0	¥110.7	¥5.3	–	¥0.7	–

* 1 Revenue recognition accounting standards have been applied since 2021. The amount of impact on sales is as follows. The impact on profits is minor. Sales increased by 1 billion yen due to the collective recognition of mold cost collection, and decreased by 4.5 billion yen due to the offset display of sales of customer-received products and cost of sales.
* 2 Current net income is the current net income attributable to the parent company shareholders.

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In the first three quarters of the fiscal year, we achieved record-high profits by promoting cost improvement despite customers' production cutbacks. For the fourth quarter, we assume that the production level will be at the same level as the third quarter, as a rapid recovery in production is not expected.

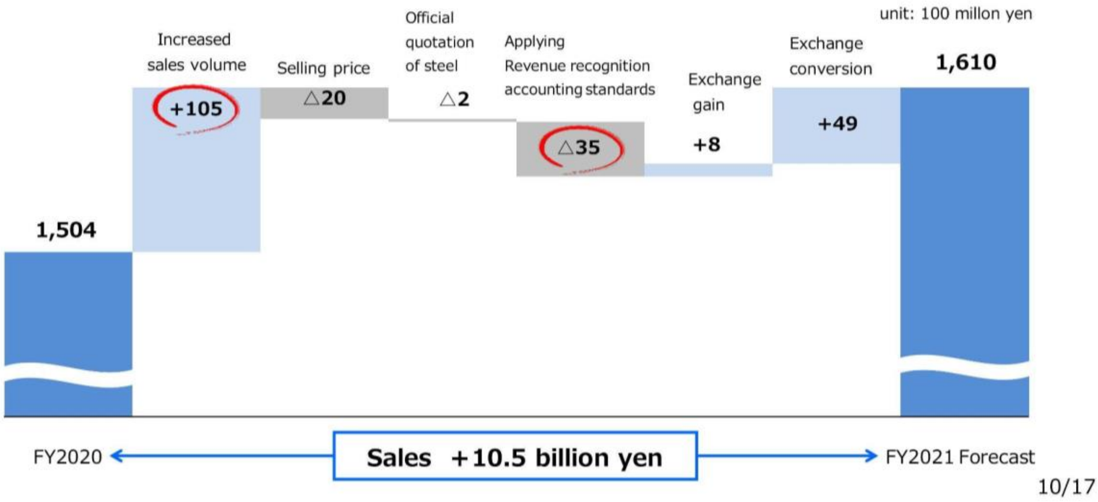
The exchange rate for the fourth quarter is assumed to be JPY110 to USD1.

As a result, we have revised our full-year forecasts for the fiscal year ending March 31, 2022, from those announced on October 27, 2021. Net sales are expected to decrease by JPY3 billion to JPY161 billion, and operating income is expected to decrease by JPY0.5 billion to JPY10 billion. There are no revisions to the ordinary income and the net income.

Exchange rate sensitivity is JPY100 million per JPY1 per year.

2-2 Full Year Causes of Fluctuation in Consolidated Sales

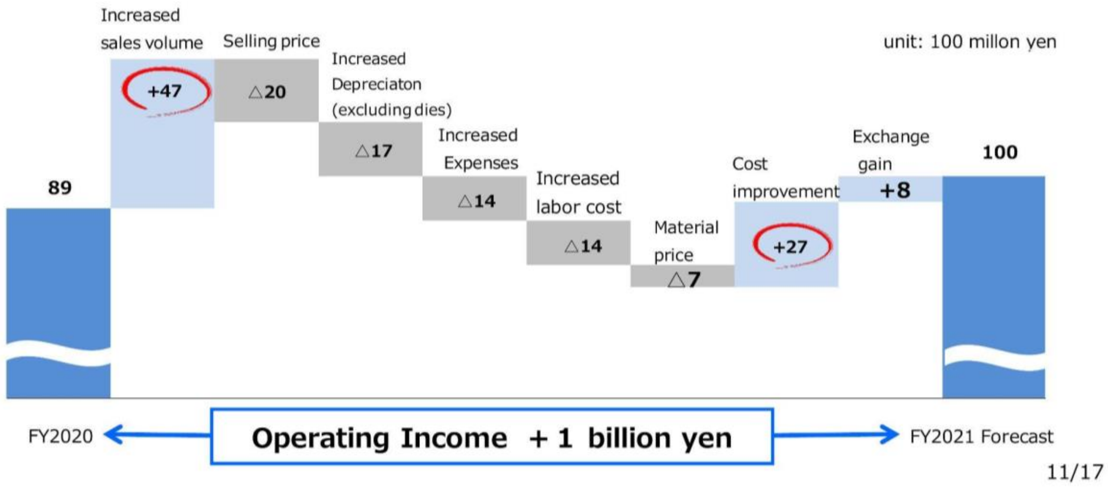
Increased sales volume by following customer production fluctuations



For the full year, we forecast net sales of JPY161 billion, an increase of JPY10.5 billion from JPY150.4 billion in the previous fiscal year, mainly due to an increase in sales volume of JPY10.5 billion and a decrease in sales of JPY3.5 billion due to the application of revenue recognition accounting standards.

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

Expected to increase profits by increasing sales volume and continuous cost improvement



Operating income for the full year is expected to be JPY10 billion, up JPY1 billion from the previous year. While maintaining our production system, we will continue to focus on improving profitability by flexibly following the production fluctuations of our customers, optimizing our production operation system, and reviewing expenses to minimize losses.

2-4 Full Year Consolidated Business Segments

PACIFIC

Expected to increase sales and profits for stamping & molding and valves

(100 million yen,%)

	Sales				Operating Income			
	FY2020 Result	FY2021 Forecast	YoY rate Gain&Loss	YoY rate %Change	FY2020 Result	FY2021 Forecast	YoY rate Gain&Loss	YoY rate %Change
Stamping & Molding	1,045	1,122	+76	+7.4	39	41	+1	+4.8
(The impact of application of revenue recognition)		*1 (△35)						
Operating Income Ratio					3.7%	3.7%	+0.0P	
Valves	457	485	+27	+6.1	49	59	+9	+18.0
(The impact of application of revenue recognition)		*2 (0)						
Operating Income Ratio					10.9%	12.2%	+1.3P	

*1 Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales (included figures) is as above. Sales increased by 900 million yen due to the collective recognition of mold cost collection, and decreased by 4.5 billion yen due to the offset display of sales of customer-received products and cost of sales. The impact on profits is minor.

*2 The amount of impact on sales (included figures) is as above. The impact on profits is minor.

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This is the forecast by business segment for the full year. In the Stamping & Molding segment, we forecast net sales of JPY112.2 billion, up 7% from the previous fiscal year, and operating income of JPY4.1 billion, up 5%. The forecast includes an estimated decrease of JPY3.5 billion in net sales due to the impact of the application of revenue recognition accounting standards.

Sales in the valve manufacturing business are expected to increase 6% YoY to JPY48.5 billion, and operating income is expected to rise 18% to JPY5.9 billion.

2-5 Full Year Consolidated Regional Segment

In Japan, decreased in sales and increased in profit (In fact, sales increased except for the impact of revenue recognition), and increased in sales and profits in Europe, the United States and Asia

(100 million yen,%)

	Sales				Operating Income			
	FY2020 Result	FY2021 Forecsat	YoY rate Gain&Loss	YoY rate %Change	FY2020 Result	FY2021 Forecsat	YoY rate Gain&Loss	YoY rate %Change
Japan	702	686	△16	△2.4	51	55	+3	+6.2
(The impact of application of revenue recognition)		*1 (△35)						
Operating Income Ratio					7.4%	8.0%	+0.6P	
Europe & America	523	591	+67	+12.9	15	16	+0	+2.1
Operating Income Ratio					3.0%	2.7%	△0.3P	
Asia	277	333	+55	+19.9	18	26	+7	+36.9
Operating Income Ratio					6.8%	7.8%	+1.0P	

*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.

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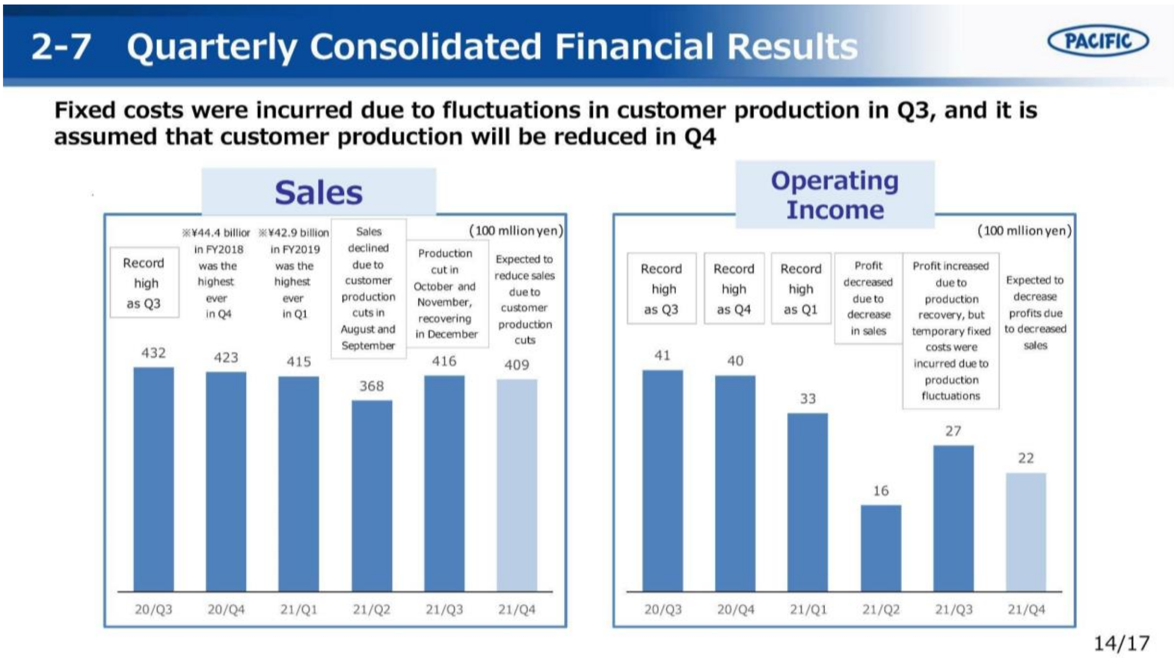
Net sales in Japan are expected to decrease by 2.4% YoY to JPY68.6 billion. Excluding the impact of the JPY3.5 billion decrease due to the adoption of the revenue recognition accounting standards, this represents a 3% increase in revenue in real terms. Operating income is expected to increase by 6.2% to JPY5.5 billion.

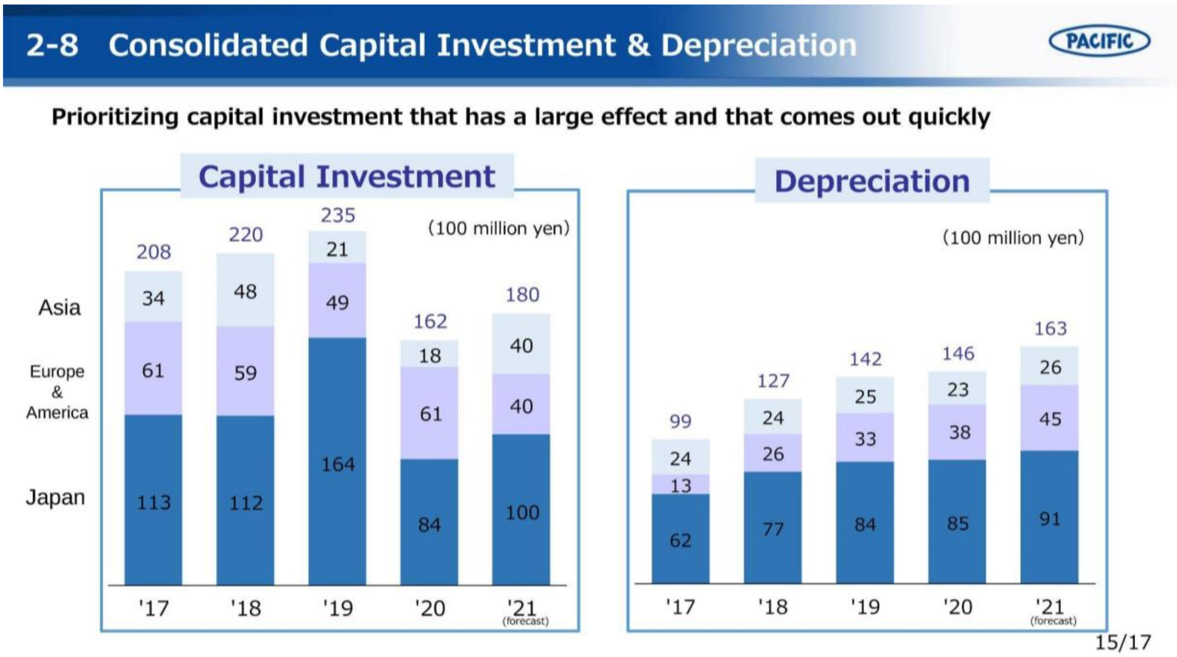
Sales in the US and Europe increased 12.9% to JPY59.1 billion, and operating income increased 2.1% to JPY1.6 billion.

Net sales in Asia are expected to increase by 19.9% to JPY33.3 billion and operating income by 36.9% to JPY2.6 billion.



In the first half of this third quarter, the impact of the production cutback from the second quarter continued, but the second half saw a sharp recovery, with operations reaching normal operating levels in December. The Group flexibly followed customers' production fluctuations and secured sales on par with the first quarter, but expenses were higher than the first quarter due to temporary expenses and labor costs caused by rapid production changes.

Production in the fourth quarter is also expected to be on par with the third quarter as customers’ production cutback continues. We will continue our efforts to improve profitability and minimize losses.



Continuing from last year, we are implementing capital investments for this fiscal year by identifying effective and necessary investments. We plan to invest JPY18 billion in plant and equipment and JPY16.3 billion in depreciation and amortization, an increase of JPY1.7 billion from the previous fiscal year.

In addition to preparing for production associated with the launch of new products, we are investing in building expansion and the addition of a large press machine at our three main bases in Japan, North America, and China, despite the pandemic. In addition to investments designed to increase production capacity to meet the needs of our customers, we will also invest in the reallocation of production facilities and lines to build a more efficient production system, thereby strengthening our competitiveness.

2-9 Looking back on Q3, issues for the next term

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

■Q3 results

- Recovered from the 5th wave of Covid-19, and landed at the same level as the previous forecast
- Although there was a loss in production fluctuations, **the corporate structure was strengthened by improving profitability**.

■Full year forecast

- Stagnation of economic activity due to expansion of the Omicron variant
- Production fluctuations due to insufficient supply of parts such as semiconductors
- Revised from the forecast of large production increase, **maintaining an improved corporate structure and securing profits**

■FY2022

- Prolonged Covid-19 impact, stagnant economic activity in China
- Continuing concerns about semiconductor and component supply
- Preparation of production system for recovery production, **maximization of production increase effect**
- OCEAN-22 final year, **scheduled to announce new medium-term management plan**

16/17

Looking back over the past three quarters, after the sharp fluctuations in production caused by the shortage of parts supply until October, production recovered from November and was generally in line with the previous forecast until December.

As for the fourth quarter, although production will be reduced compared to the previous plan, we assume that production will be on par with the third quarter.

We will strive to maintain the constitution strengthened by the profit improvement to date, prevent the infection thoroughly within the Company, and maintain the production system to ensure stable business operations.

Looking ahead to the next fiscal year, the external environment will continue to be uncertain due to risks such as the prolonged effects of the coronavirus and concerns about the supply of semiconductors and other products, but we will strive to maintain the profit structure that we have strengthened and maximize the effects in the time of production increase.

In addition, the next fiscal year will be the final year of our medium-term management plan OCEAN-22. We will have a better picture of the situation when we announce our year-end financial results, and we plan to announce a new medium-term management plan based on the results.

With an eye on the future expansion of electrification and the transition to carbon neutrality, we have prepared a plan that incorporates the strengthening of our technological and product capabilities in existing fields, the reinforcement of our organization by further investing resources in new fields, and the enhancement of our sustainability initiatives.