

A grayscale image of a car chassis is positioned on the left side of the slide. It shows the internal structure of the vehicle, including the engine, transmission, and various mechanical components, viewed from a top-down perspective.

Financial Results Briefing for Q2 Year Ending March 2022

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

October 29, 2021

PACIFIC INDUSTRIAL CO., LTD.

- 1. Financial Results for Q2**
- 2. Full Year Forecast for FY2021**
- 3 Sustainability Management & Focus**
- 4. New Plant Construction**

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.

Looking Back on the First Half of 2021 and Issues in the Second Half



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

■ Changes in management environment

- Covid-19 infection spread (fifth wave)
- Production fluctuations due to insufficient supply of semiconductors and parts
- steep rise in raw material prices

■ Our efforts in Covid-19 pandemic

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

■ Future issues

- Prolonged Covid-19 effect, preparation for the 6th wave
- Concerns about supply of semiconductors and parts, impact of power shortage in China
- Preparation of system for production fluctuation and recovery production

1-1 Q2 Consolidated Results



**Recovered from the previous year's performance in Covid-19.
Due to customer production cuts in September, it did not reach previous forecast.**

(100 million yen, %)

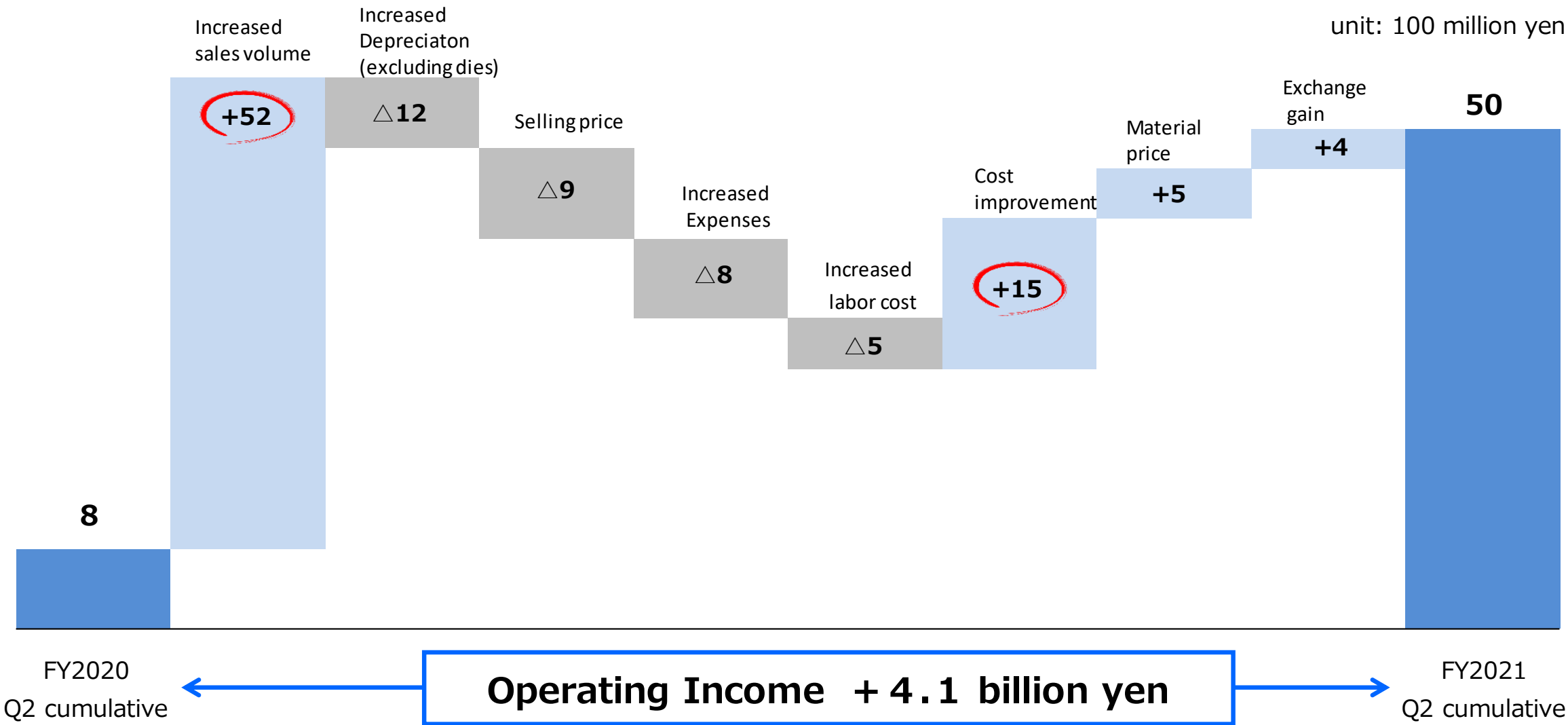
	FY2020 Q2 Cumulative Result	FY2021		YoY rate		Forecast ratio	
		Q2 Cumulative forecast	Q2 Cumulative Result	Gain&Loss	% Change	Gain&Loss	% Change
Sales	648	830	784	+135	+21.0	△45	△5.5
Operating Income	8	65	Record High 50	+41	+482.6	△14	△22.7
Operating Income Ratio	1.3%	7.8%	6.4%	+5.1P	–	△1.4P	–
Ordinary Income	13	70	Record High 57	+44	+341.4	△12	△17.2
Ordinary Income Ratio	2.0%	8.4%	7.4%	+5.4P	–	△1.0P	–
Quarterly net income attributable to the parent company shareholders	9	50	Record High 43	+34	+364.9	△6	△12.4
Quarterly Net Income margin	1.5%	6.0%	5.6%	+4.1P	–	△0.4P	–
Average exchange rate (U.S. dollars)	¥106.4	¥110.2	¥109.9	+¥3.5	–	△¥0.3	–

※Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales is as follows. The impact on profits is minor.

Sales increased by 0.8 billion yen due to the collective recognition of mold cost collection, and decreased by 2.2 billion yen due to the offset display of sales of customer-received products and cost of sales.

1-2 Q2 Causes of Fluctuation in Consolidated Operating Income

Achieved record high profits through sales recovery and cost improvement



1-3 Q2 Consolidated Business Segments



Sales and profits increased for stamping & molding and valves

(100 million yen, %)

	Sales				Operating Income			
	20/Q2 Cumulative Result	21/Q2 Cumulative Result	YoY rate Gain&Loss %Change		20/2Q Cumulative Result	21/2Q Cumulative Result	YoY rate Gain&Loss %Change	
Stamping & Molding	457	532	+75	+16.5	△2	16	+19	—
(The impact of application of revenue recognition)		(△14)						
Operating Income Ratio					△0.5%	3.1%	+3.6P	
Valves	190	250	+60	+31.5	10	33	+22	+212.2
(The impact of application of revenue recognition)		(0)						
Operating Income Ratio					5.7%	13.5%	+7.8P	

※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.

1-4 Q2 Consolidated Regional Segment



Sales and profits increased in Japan, Europe, America, and Asia

(100 million yen,%)

	Sales				Operating Income			
	20/Q2 Cumulative Result	21/Q2 Cumulative Result	Gain&Loss	YoY rate %Change	20/Q2 Cumulative Result	21/Q2 Cumulative Result	Gain&Loss	YoY rate %Change
Japan	306	334	+27	+9.1	5	31	+25	+473.9
(The impact of application of revenue recognition)		(△13)						
Operating Income Ratio					1.8%	9.3%	+7.5P	
Europe & America	224	297	+72	+32.4	△3	5	+8	—
Operating Income Ratio					△1.6%	1.8%	+3.4P	
Asia	116	151	+35	+30.0	5	13	+8	+158.7
Operating Income Ratio					4.3%	8.6%	+4.3P	

※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.

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2-1 Full Year Consolidated Financial Forecast



Reviewed the full-year forecast by incorporating the latest information into the second-half forecast based on the 2Q cumulative results

(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	1,640	+135	9.0%	+0	0.0%
Operating Income	89	125	105	+15	17.0%	△20	△16.0%
Operating Income Ratio	6.0%	7.6%	6.4%	+0.4P	—	△1.2P	—
Ordinary Income	112	140	125	+12	11.4%	△15	△10.7%
Current Net Income	79	100	90	+10	12.8%	△10	△10.0%
R O E	7.6%	8.5%	7.7%	+0.1P	—	△0.8P	—
R O A (Operating income basis)	4.2%	5.4%	4.6%	+0.4P	—	△0.8P	—
Net Assts per Share	¥1,846	¥2,021	¥2,018	¥172	9.3%	△¥3	△0.1%
Average exchange rate (US dollars)	¥105.4	¥107.5	¥110.0	¥4.6	—	¥2.5	—

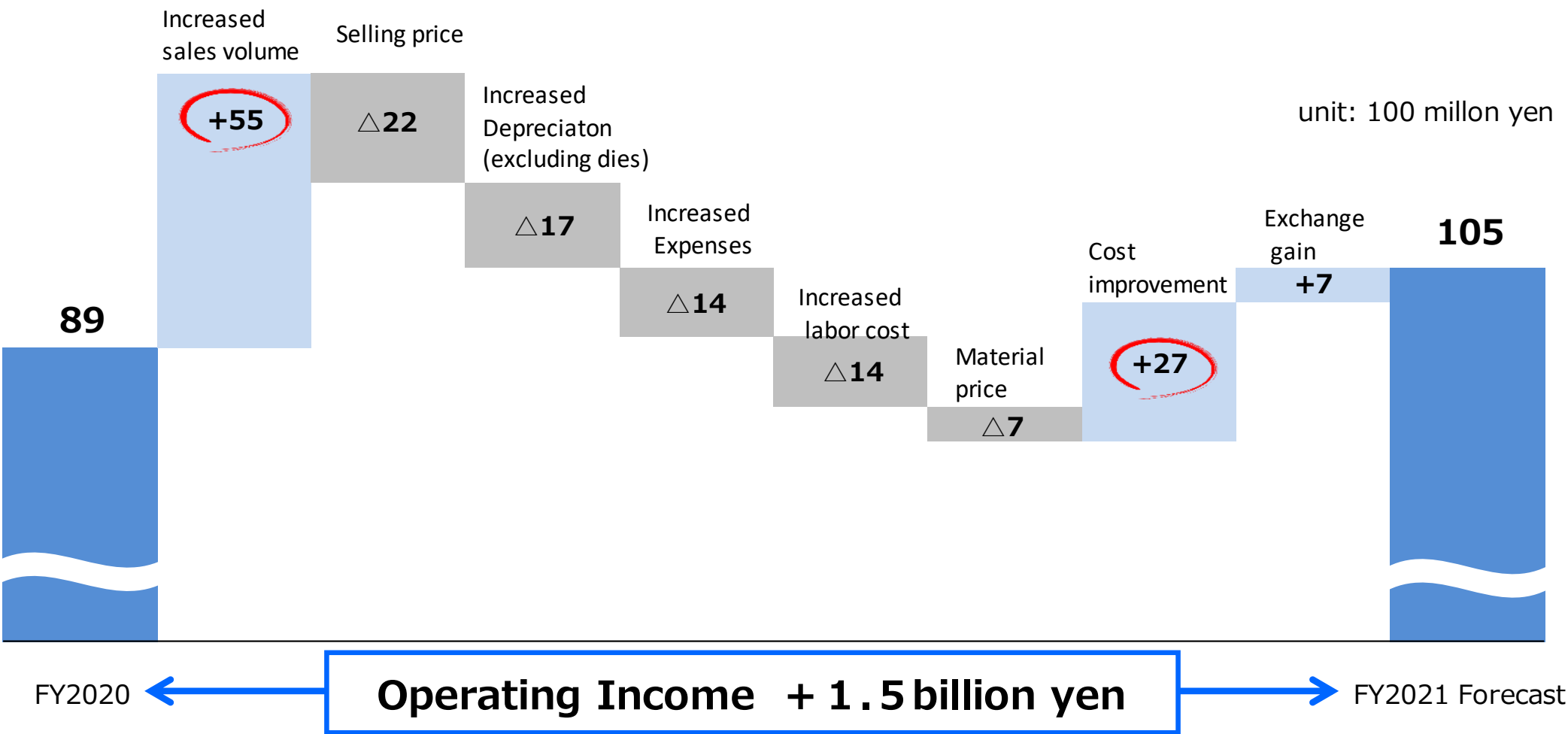
※Current net income is the current (quarterly) net income attributable to the parent company shareholders.

※Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales is as follows. The impact on profits is minor.

Sales will be increased by 0.7 billion yen due to the collective recognition of mold cost collection, and will be decreased by 4.9 billion yen due to the offset display of sales of customer-received products and cost of sales.

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

Sales are expected to recover. Expected to increase profits through continuous cost improvement



2-3 Full Year Consolidated Business Segments



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

(100 million yen,%)

	Sales				Operating Income			
	FY2020 Result	FY2021 Forecast	Gain&Loss	YoY rate %Change	FY2020 Result	FY2021 Forecast	Gain&Loss	YoY rate %Change
Stamping & Molding	1,045	1,136	+90	+8.7	39	42	+2	+7.4
(The impact of application of revenue recognition)		(△42)						
Operating Income Ratio					3.7%	3.7%	+0.0P	
Valves	457	501	+43	+9.6	49	63	+13	+26.0
(The impact of application of revenue recognition)		(0)						
Operating Income Ratio					10.9%	12.6%	+1.7P	

※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.

2-4 Full Year Consolidated Regional Segment



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

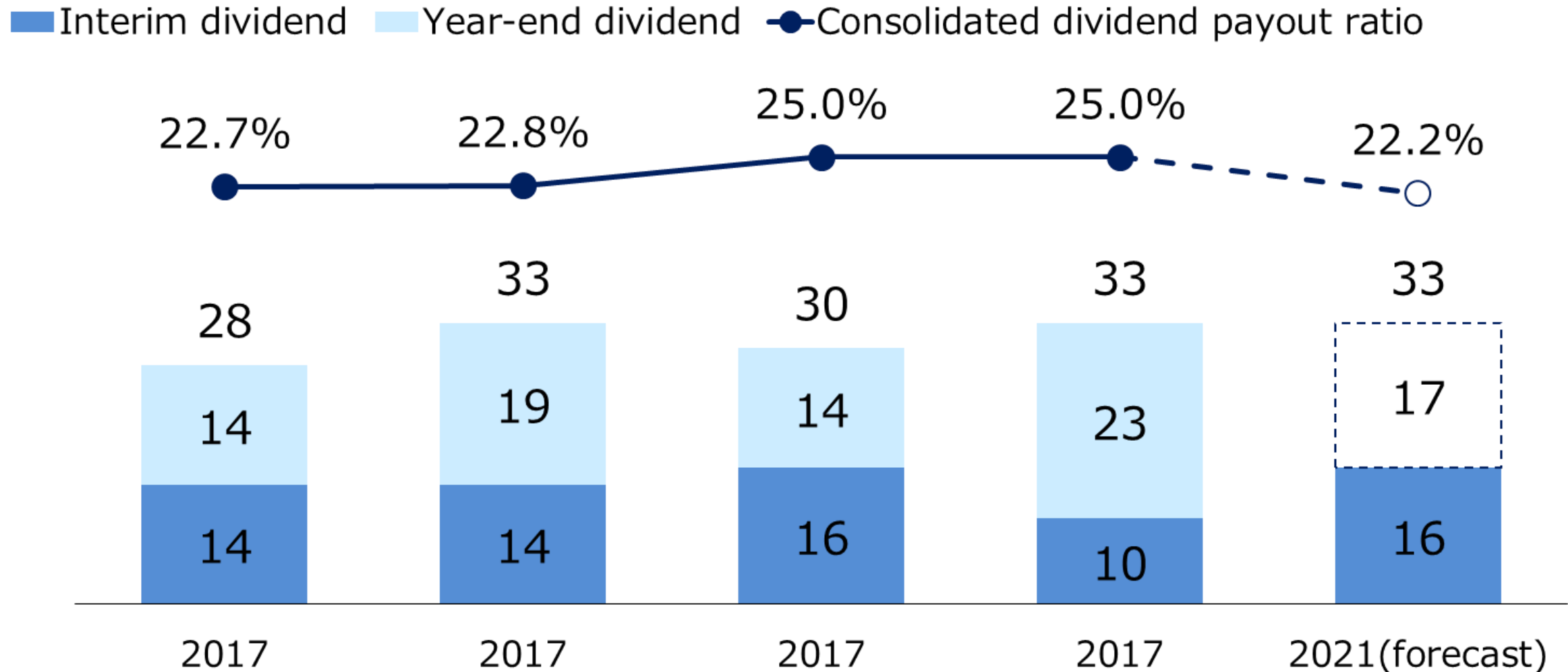
(100 million yen, %)

	Sales				Operating Income			
	FY2020 Result	FY2021 Forecsat	Gain&Loss	YoY rate %Change	FY2020 Result	FY2021 Forecsat	Gain&Loss	YoY rate %Change
Japan (The impact of application of revenue recognition) Operating Income Ratio	702	718 (△42)	+15	+2.2	51 7.4%	63 8.8%	+11 +1.4P	+21.7
Europe & America Operating Income Ratio	523	595	+71	+13.7	15 3.0%	17 2.9%	+1 △0.1P	+8.5
Asia Operating Income Ratio	277	327	+49	+17.7	18 6.8%	24 7.3%	+5 +0.5P	+26.3

※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.

2-5 Return to Stockholders

The interim dividend is 16 yen as expected. The year-end dividend is expected to be 17 yen.

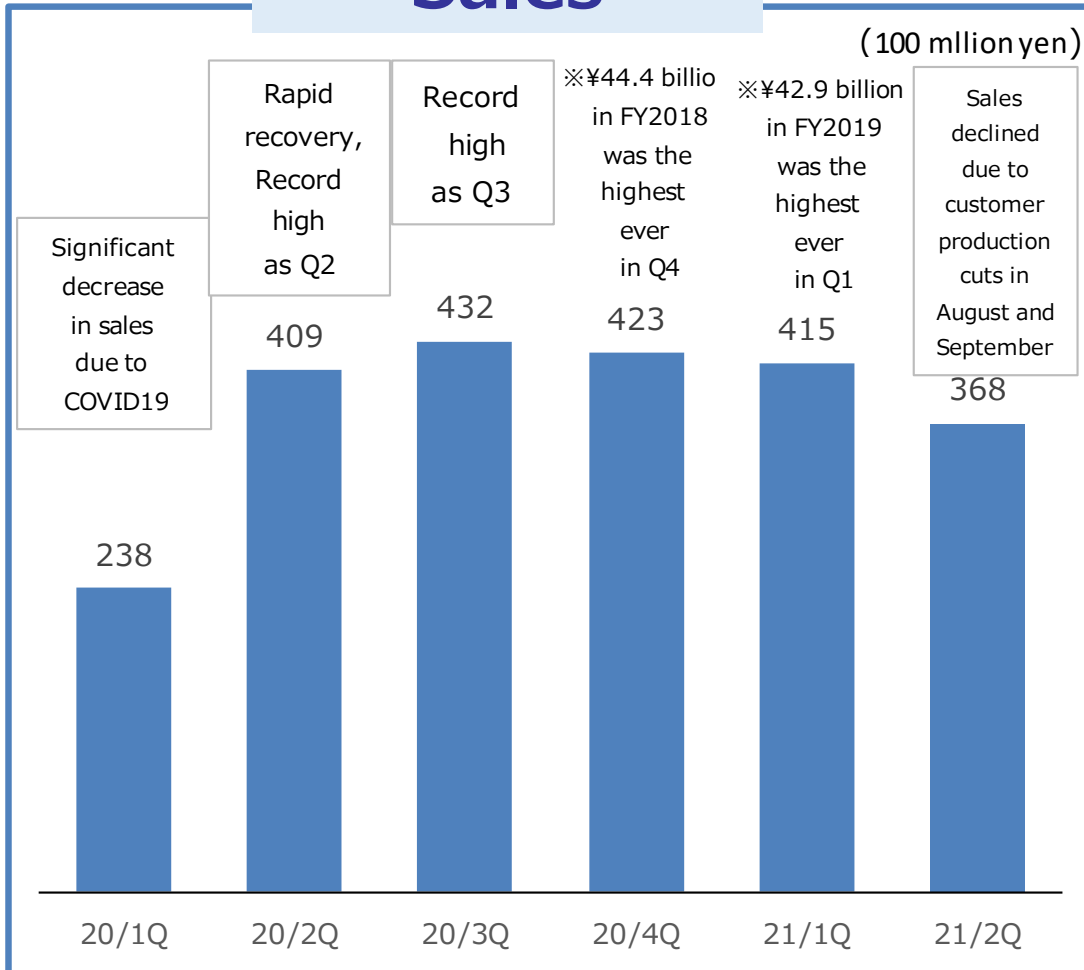


2-6 Quarterly Consolidated Financial Results

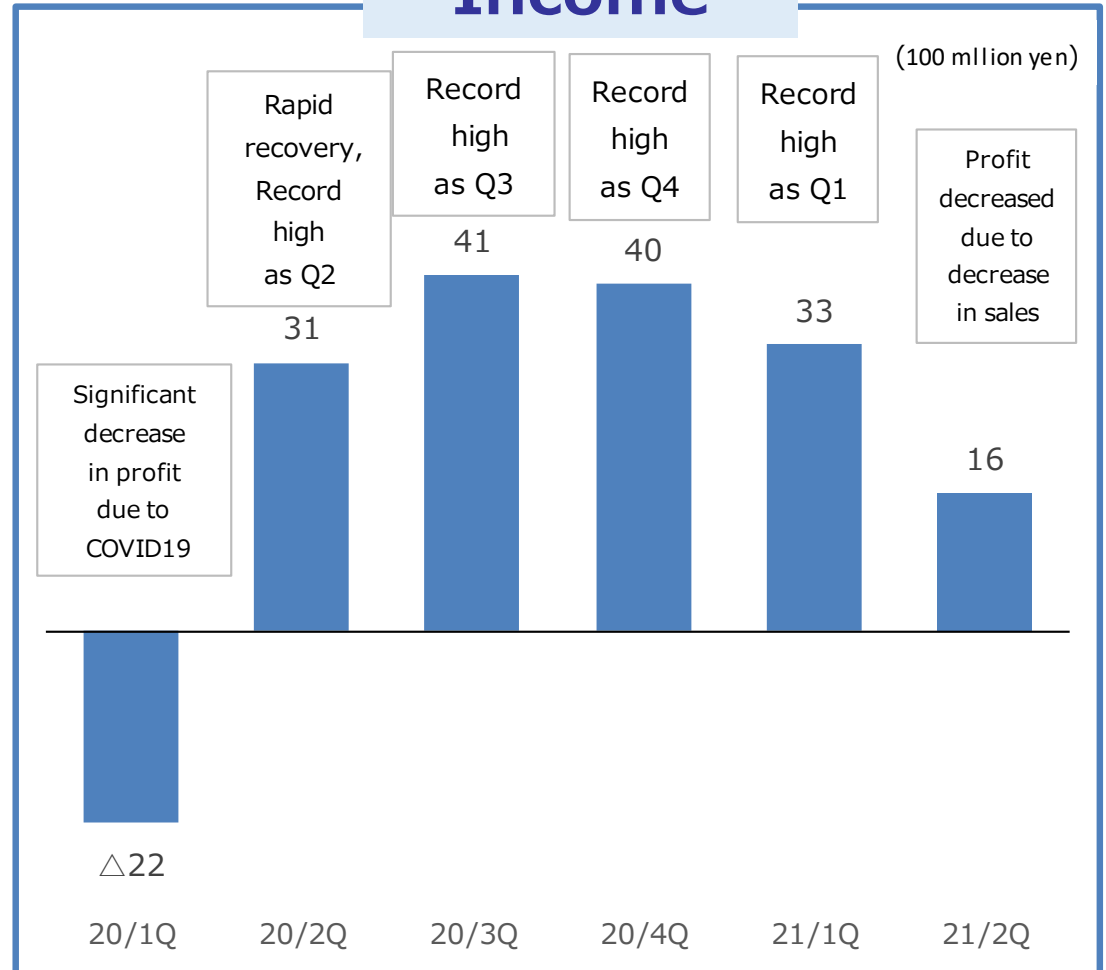


Sales and profits declined in the second quarter of 2021 due to the impact of reduction in production

Sales



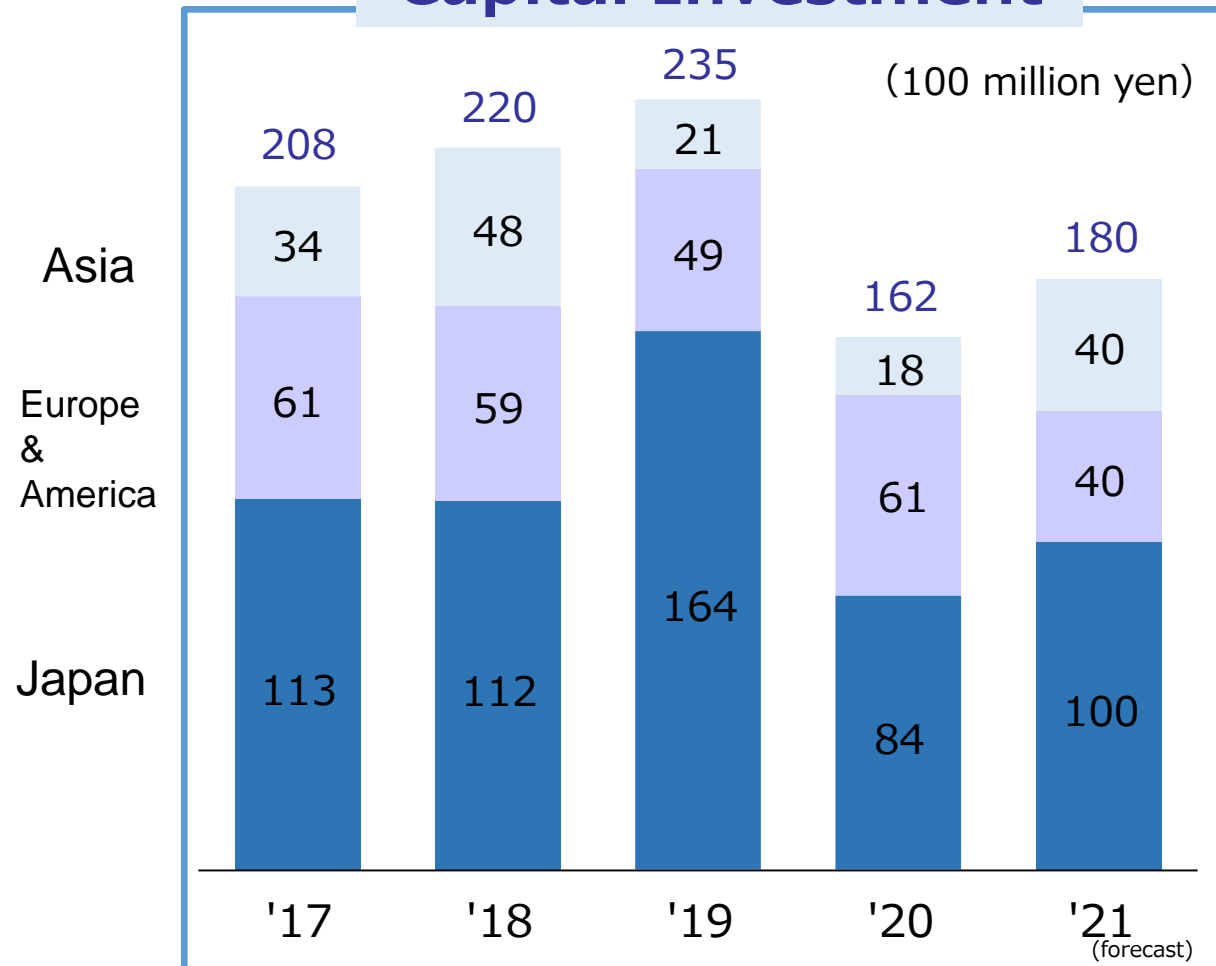
Operating Income



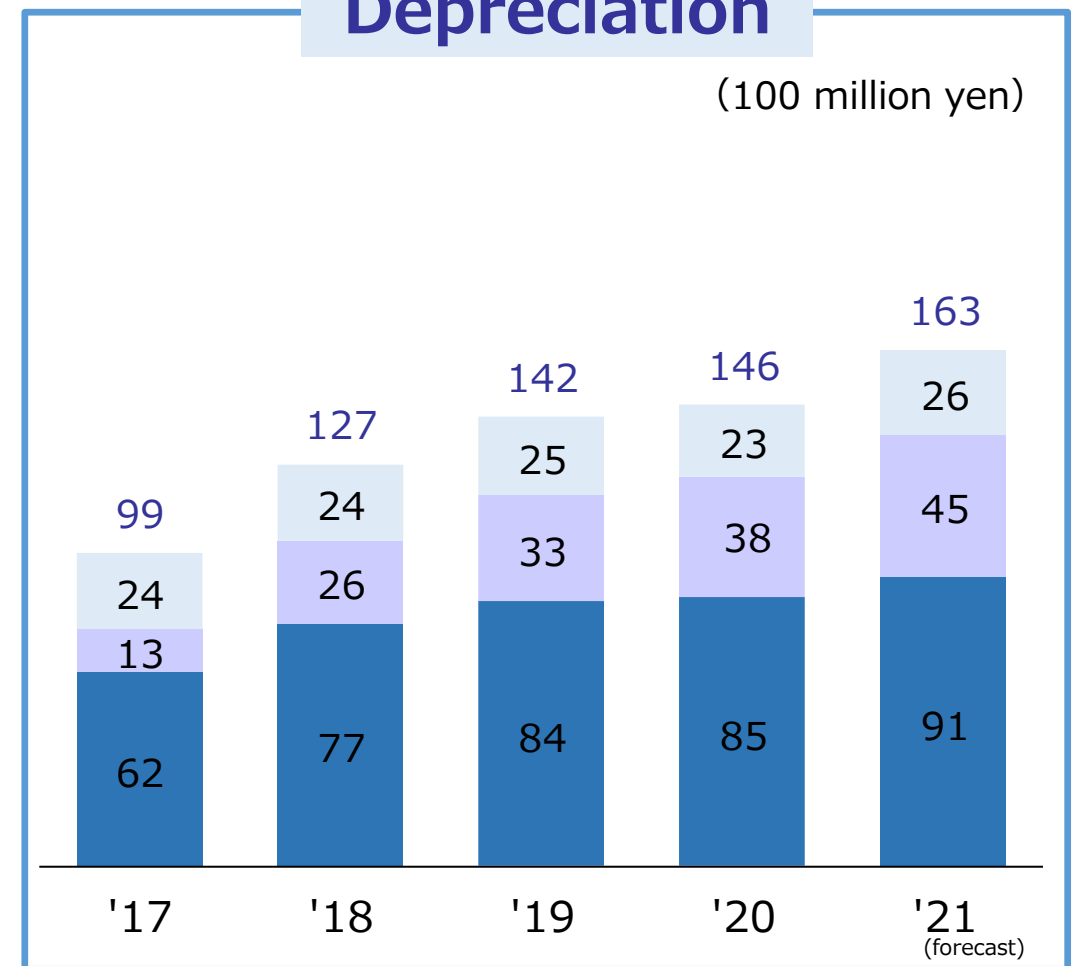
2-7 Consolidated Capital Investment & Depreciation

Prioritizing capital investment that has a large effect and that comes out quickly

Capital Investment



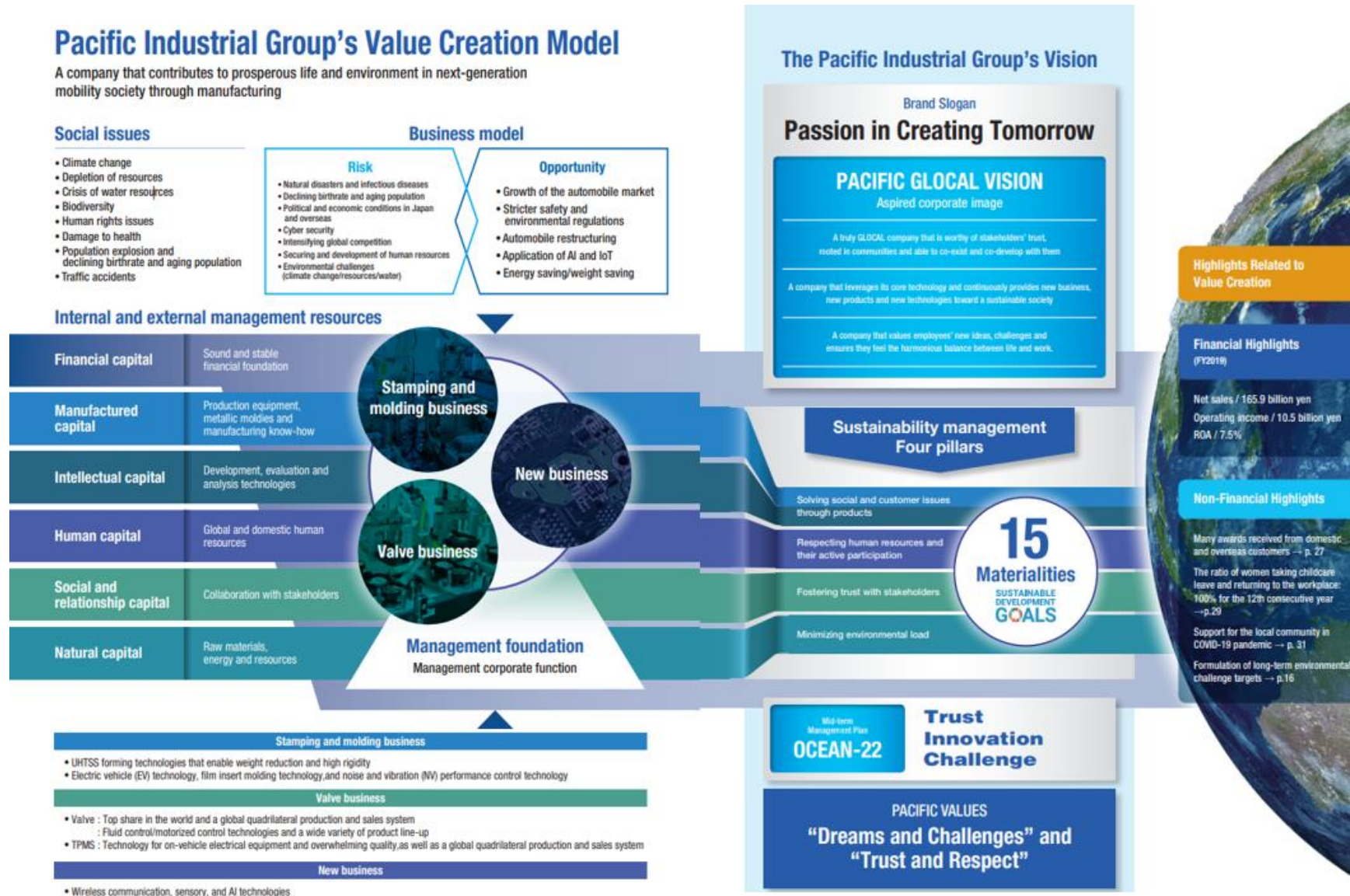
Depreciation



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3-1 Pacific Group's Value Creation Model

Aiming to be a company needed by society as a group

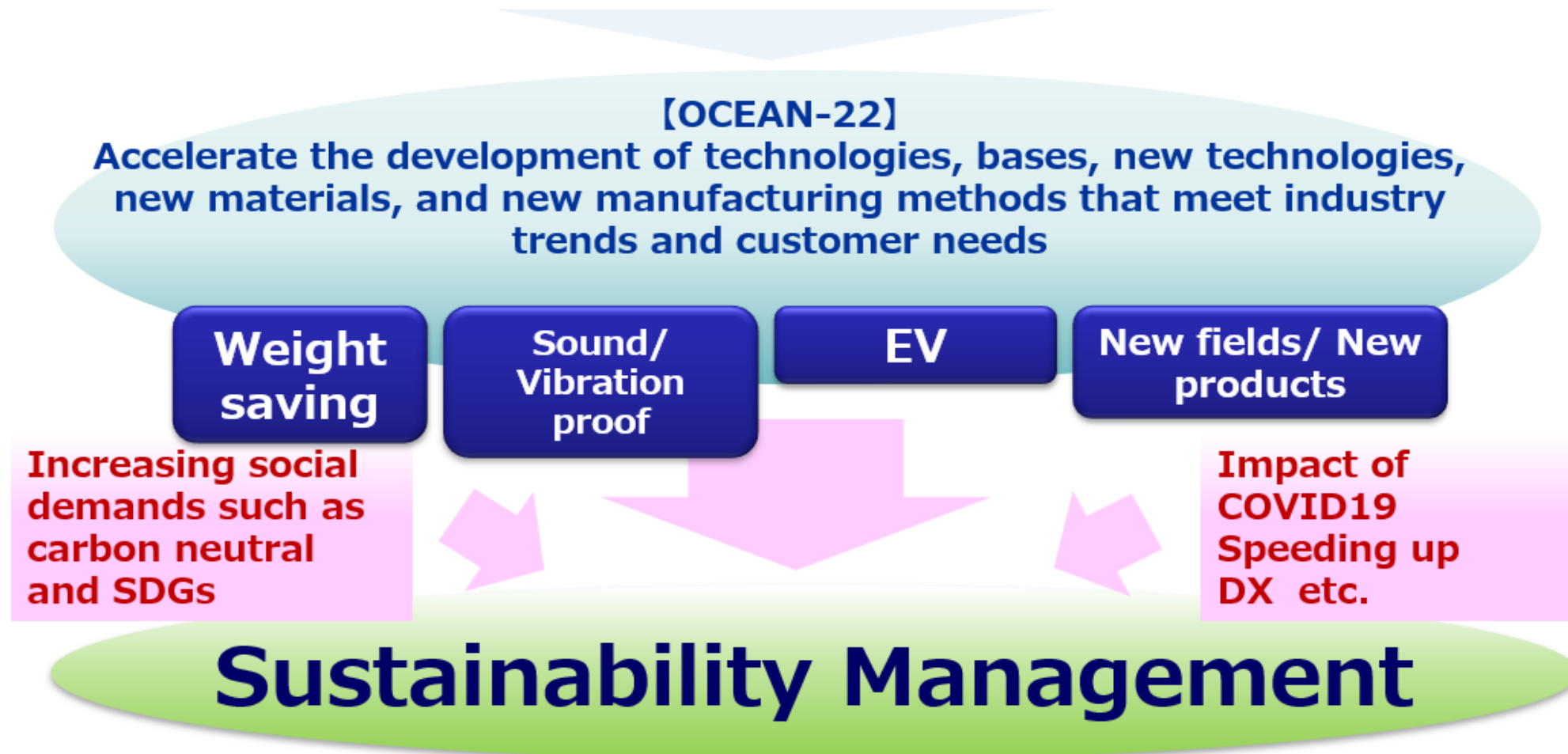


3-2 Approaches for to Address Changes in the External Environment and Social / Customer Issues

Shift to sustainability management and aim to be a company that grows sustainably

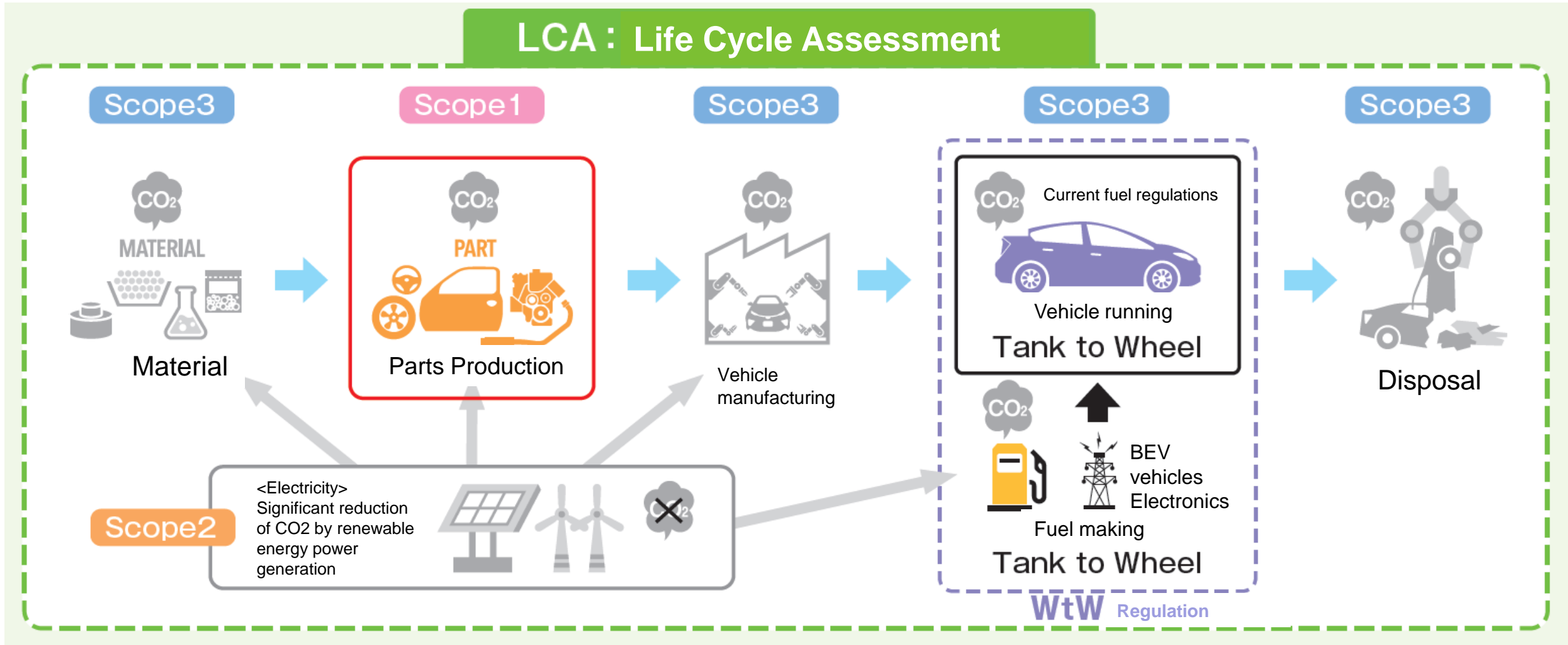
PACIFIC GLOCAL VISION

【A revolution once in 100 years】・CASE ・Progress in mobility society



3-3 Reduction of CO2 Emissions in the Life Cycle

Promote initiatives with an eye on purchasing, production, use, and disposal



3-4 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 Activities
Fostering trust with stakeholders

Solving social and customer issues through products

Minimizing environmental load
30-year target: 50% reduction in CO2 emissions

Respect and activation of human resources

Business Activities

Stamping & Molding Product Business



Valve Product Business



New Product Business



Contributing to affluent and sustainable lives through "manufacturing" in a next-generation mobility society

PACIFIC VALUES "Dream & Challenge" "Trust & Gratitude"

3-5 Key Issues of Sustainability

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

Vision : A company that continues to provide new businesses, new products, and new technologies by utilizing its core technologies toward a sustainable society

■ Solving social and customer issues through products

Contribution to a sustainable mobility society and affluent living
Improving mobility safety
Development of environmentally friendly products



■ Minimization of environmental load

Climate change mitigation and adaptation
Sustainable use of resources
Conservation of water resources

PACIFIC
Environmental
Challenge
2050



Vision : A true GLOCAL company that is trusted by stakeholders, rooted in the local community, and can coexist and develop

■ Fostering trust with stakeholders

Corporate ethics and compliance
Responsible procurement
Improvement of customer satisfaction
Community development



Vision : A company that values new ideas and challenges of employees and allows them to feel the harmony between work and life

■ Respect and activation of human resources

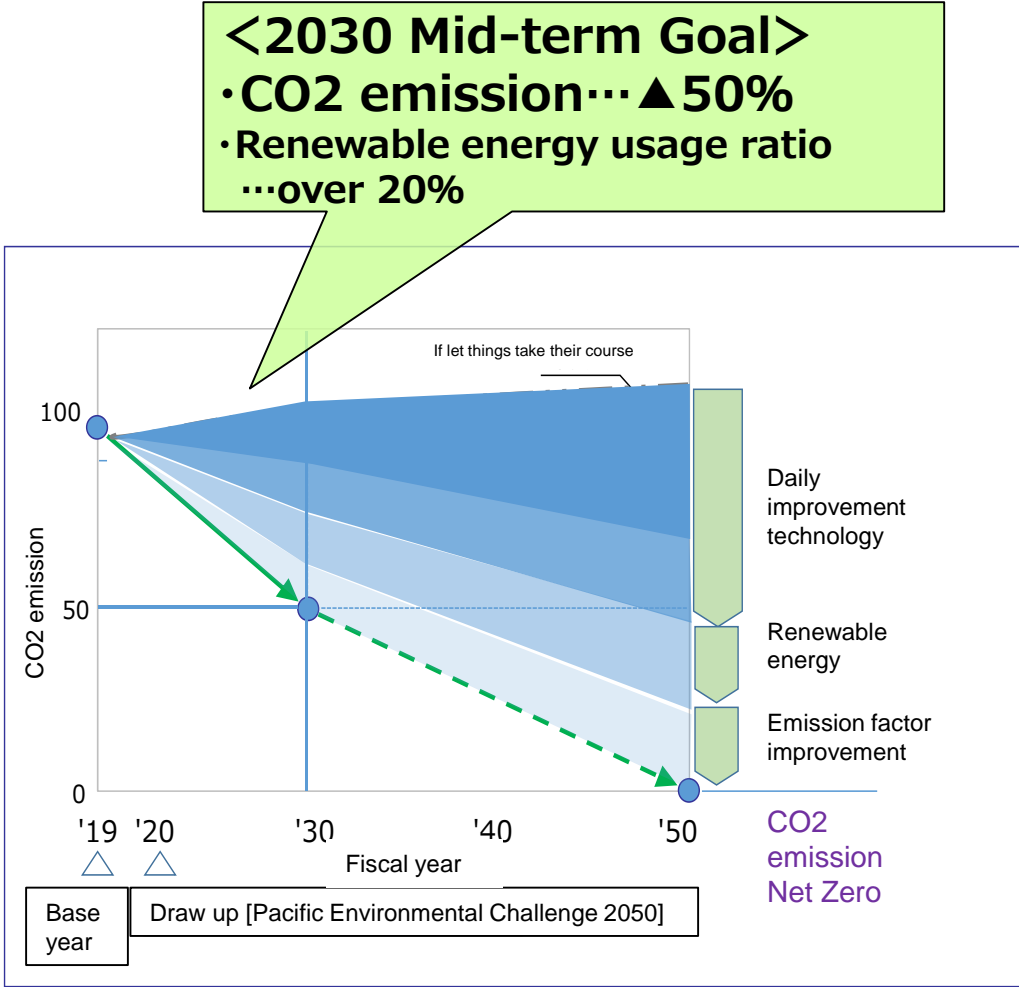
Respect for human rights
Stable employment and a comfortable workplace
Employee safety and health
Fostering human resources and fostering a culture where people can take on challenges
Diversity & Inclusion



3-6 “PACIFIC Environmental Challenge 2050”

Promote activities by setting milestones in efforts to minimize the environmental burden

	Materiality	SDGs	Item	Current Status (FY2019 Result)	2030 Goal	2050 Goal
Carbon neutrality	Climate change mitigation and adaptation	13 気候変動に具体的な対策を	CO2 emission	93.9(kt)	Compared to 2019 50% reduction	Net zero
		7 エネルギーをみんなにそしてクリーンに				
Minimize environmental load	Sustainable use of resources	12 つくる責任 つかう責任	Waste emission	3,132(t)	Compared to FY2019 Japan Reduce by 60% Overseas Reduce by 30%	Minimize
	Conservation of water resources	6 安全な水とトイレを世界中に	Water usage	1,744 (km ³)	Proper use	Minimize



3-7 Efforts Toward Carbon Neutrality

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

Energy saving through daily improvement activities

- Productivity improvement based on Toyota Production System
- Repairing air leaks and steam leaks

Energy saving by developing production equipment and introducing high-efficiency equipment

- Introduction of high-efficiency equipment when updating equipment etc.
- LED lighting
- Urban gasification of boiler heavy oil

Use of renewable energy

- Planned introduction of solar power (already introduced in 6 domestic bases, 1 overseas base)

Introducing ICP(Internal Carbon Pricing)*1

• "ICP amount depending on the expected power consumption of the equipment and the amount of CO2 emitted" was visualized as an additional running cost. Operated as one of the criteria for investment decisions.

* 1 A mechanism to promote low-carbon investment and measures at carbon prices set by companies

Prioritize respect for human rights and promote health management

Human Rights Policy

Pacific group policy, principle of management and operation

1. Basic policy
2. Understanding, evaluating and preventing human rights risks
3. Relief
4. Training
5. Regular review/ improvement

Human rights due diligence and relief

+

“Code of conduct”

“Supplier CSR Guidelines”

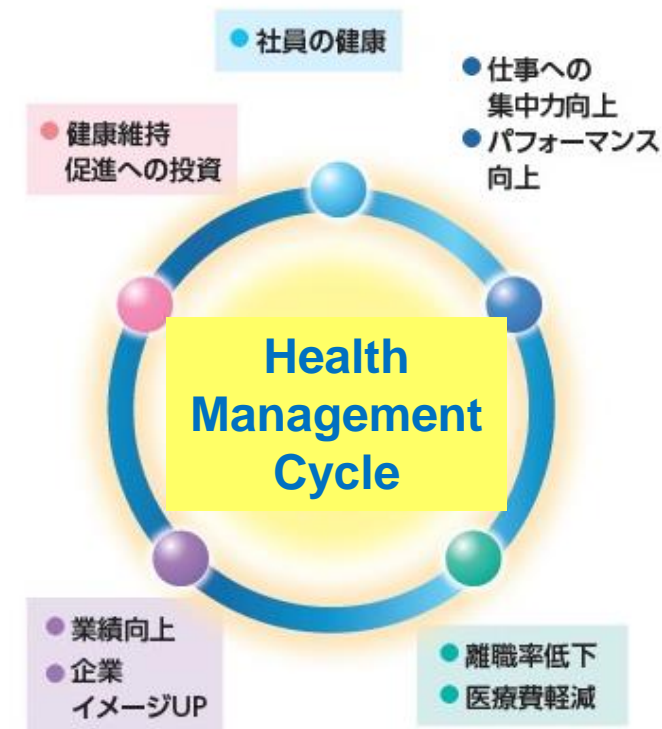
Declaration of Health

A virtuous cycle where you can work vigorously and grow your company through healthy management!

Pacific Group Declaration of Health

We consider the health and safety of our employees as the starting point of "manufacturing," and strive to maintain and improve the physical and mental health of our employees and their families and create a comfortable working environment for the sustainable growth of the company and its employees. In order to "create tomorrow with all our thoughts" in our brand slogan, we declare that we will value new ideas and challenges, and we will strive to create a company where we can feel the harmony between work and life, and work soundly and lively.

Sept.2021



3-9 Fostering Trust with Stakeholders

Promote coexistence and co-prosperity efforts based on mutual trust and active information disclosure

Development of policy system that will be the basis of activities

- Standard of conduct, Code of conduct
Revision of supplier CSR guidelines, global expansion
- Training and compliance check

Community support in Covid-19 pandemic

- 90-year anniversary project:
 - * Donation of PCR test car to Gifu-pref.
 - * Production of masks: Distributed masks to employees, suppliers, and communities.
- 30-year anniv. of Thai subsidiary: Donated "ambulance" with a partner



Sustainability information disclosure



- Issued Sustainability report 2021

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

- CDP Climate Change Assessment
Acquisition of leadership level "A-"
Supplier engagement evaluation
"Leaderboard" elected



- Support for TCFD, promote integration and information disclosure into climate change impact strategies



Passion in Creating Tomorrow PACIFIC GLOCAL VISION

PACIFIC Environmental Challenge 2050 OCEAN-22

SDGs Activities

Fostering trust with stakeholders

Solving social and customer issues through products

Minimizing environmental load

30-year target: 50% reduction in CO2 emissions

Respect and activation of human resources

Business Activities

Stamping & Molding Product Business



Valve Product Business



New Product Business



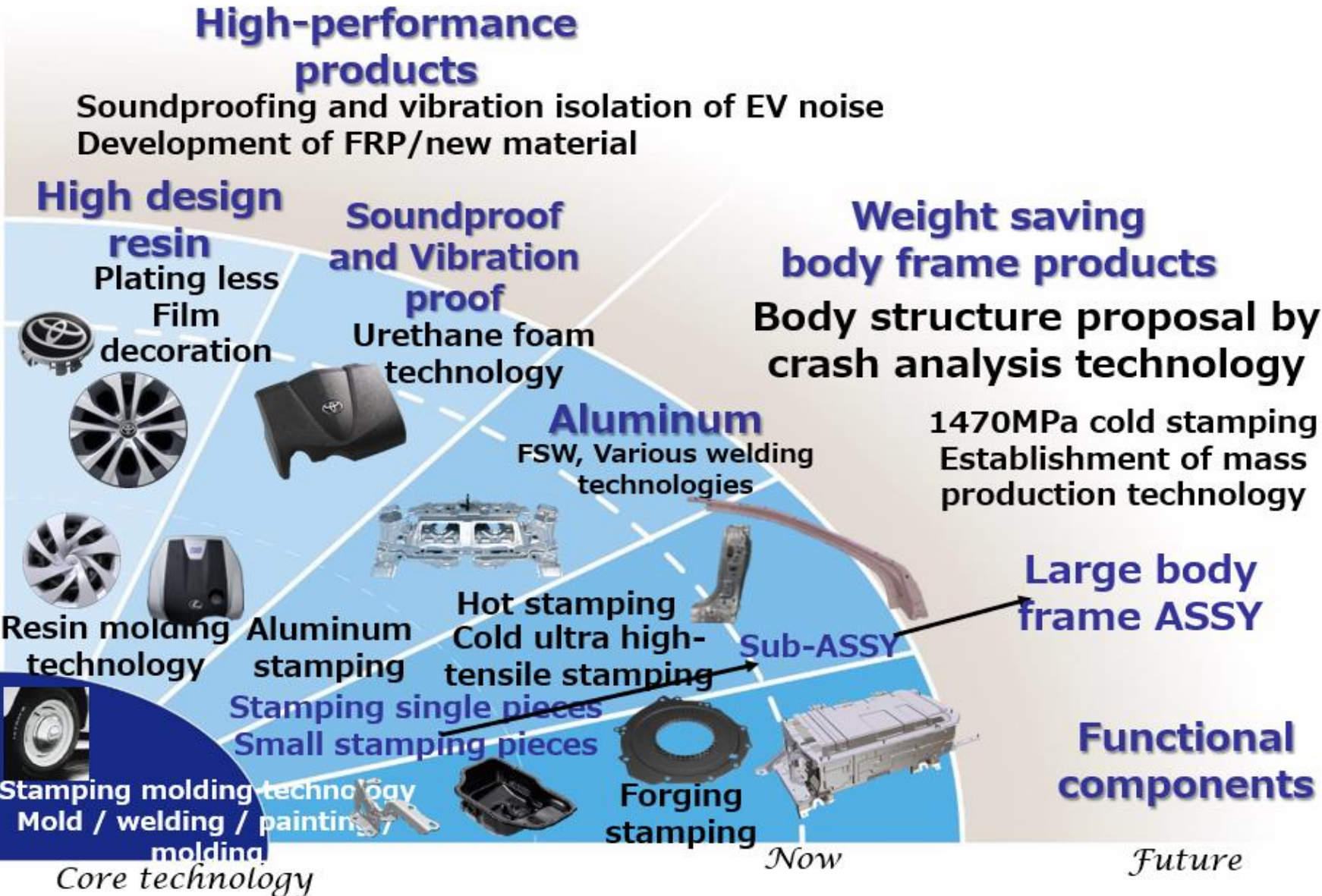
Contributing to affluent and sustainable lives through "manufacturing" in a next-generation mobility society

PACIFIC VALUES "Dream & Challenge" "Trust & Gratitude"

3-11 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.



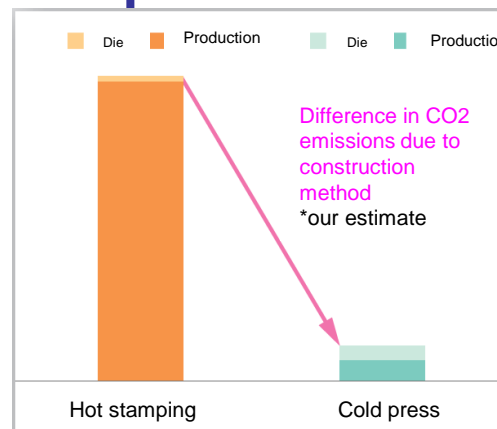
Stamping products (about 80%)
Main customers :
Toyota group
Other Japanese car manufacturers

Resin Products (about 20%)
Main customers :
Toyota group
Other Japanese car manufacturers

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

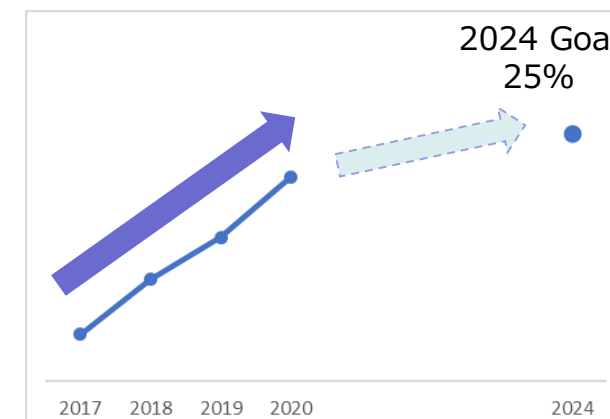
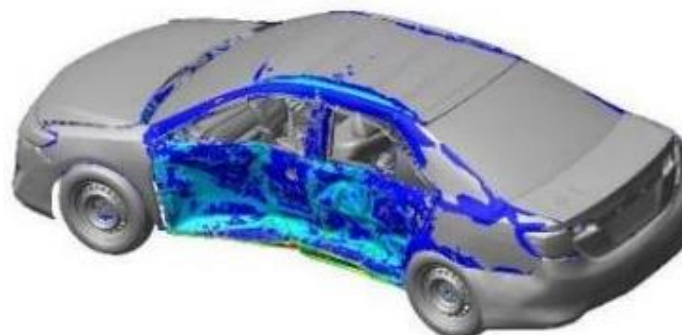
Expanding the area of stamping frame parts

- 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 / molding analysis / evaluation
- Expansion of analysis model, improvement of accuracy
- Optimal proposal for body structure



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

3-13 Resin Technology Strategy : Priority Measures

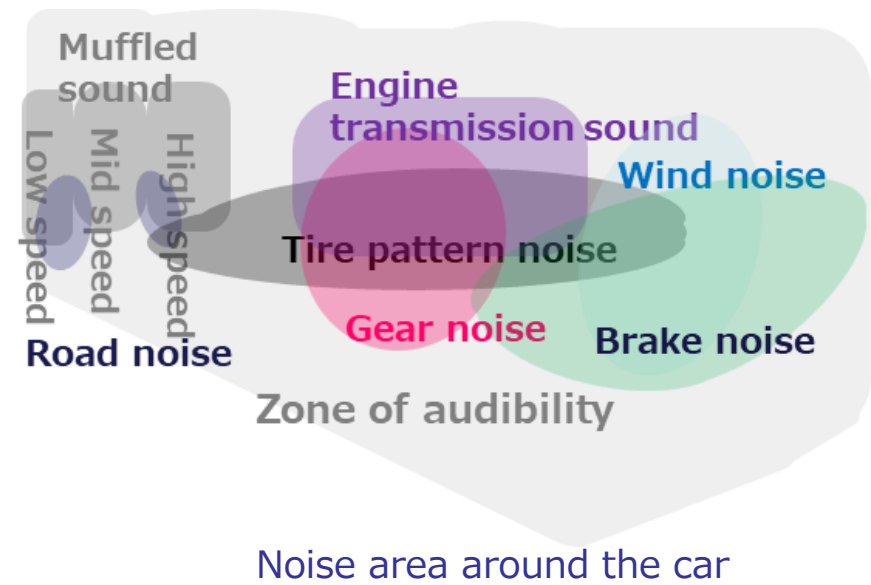
Development of EV noise countermeasure products utilizing soundproofing and vibration-proofing technology
 Strengthen competitiveness with eco-friendly film decoration technology



All urethane engine cover

Urethane foam molding technology

Feature :
 Both weight reduction and soundproofing performance are achieved.
 Needs will increase with the introduction of EVs.
 Promote the development of noise suppression products.



Center ornament

Film decoration ornament

Feature :
 100% recyclable by plating-less processing by film insert molding.
 Both cost reduction and design are achieved.

Wheel decoration parts

Feature : Attached to aluminum wheels to improve aerodynamic performance and design



Aluminum wheel



Resin decorative parts



Aluminum wheel



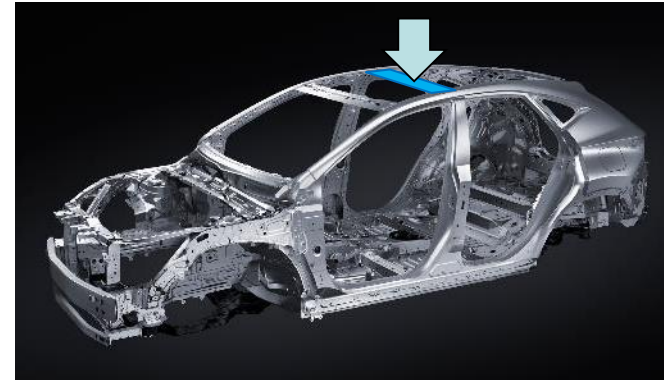
Wheel cap

3-14 New Product Topics

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

Adopted cold pressed 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

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



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



GFRP Engine under cover

3-15 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) 31/37

for Electrification

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

Changes in market needs

Changes in power train
De-engine / motor drive



Insufficient heat source
for heaters



**Heat-pump
air conditioners**



Electric expansion
valve for BEV

- Increased needs for control valves such as electric expansion valves due to the shift to heat pump car air conditioners
- Delivered Prototype to local customers and promoted evaluation

Development/Sales system

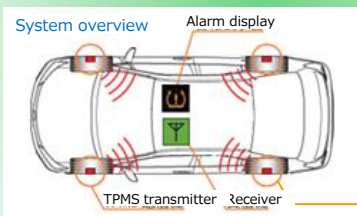
- Accelerated development with 3 bases in Japan, US and Europe
- Understand customer needs in each region, create synergies for development and sales, and promote global sales expansion



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

TPMS core technology

Wireless / sensing



Market needs

A demand for monitoring

《 Applied areas 》

Food transportation

※HACCP management method

Medical goods transportation

※GDP Guideline

The livestock industry

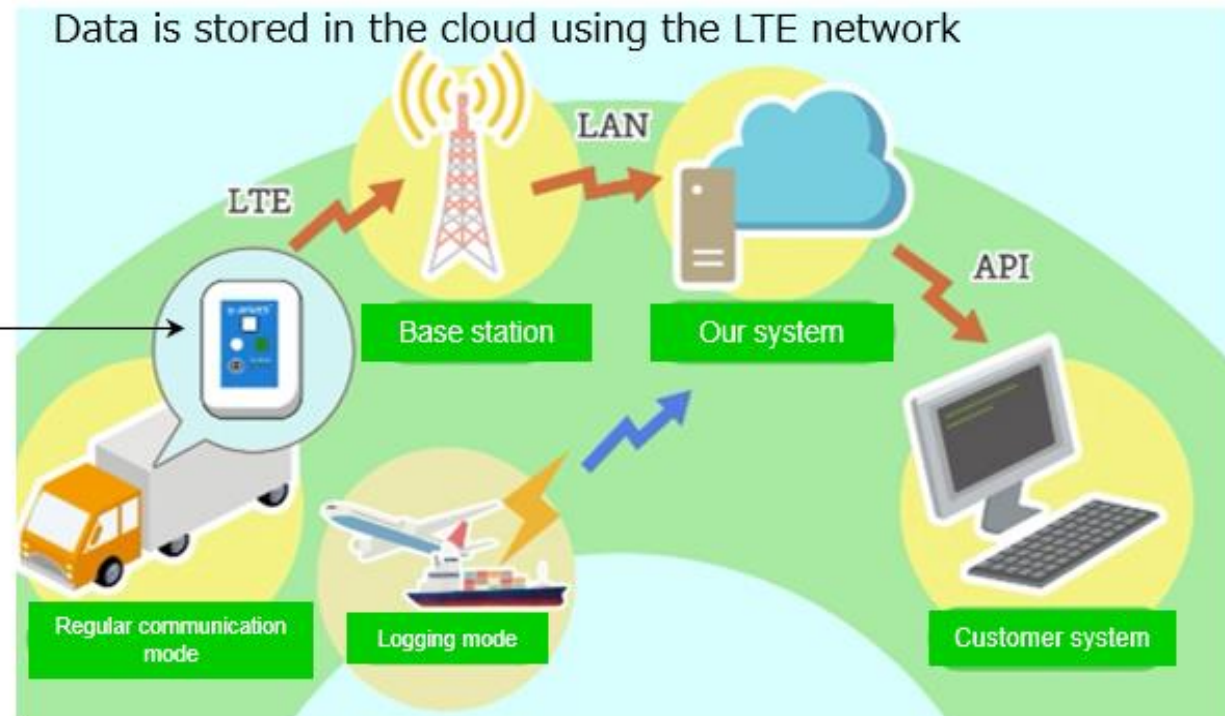
IT/Industrial arena

3-18 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



• Product introduction video

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

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4-1 Constructed a New Plant in Higashi-Ogaki Plant

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

Increased production of ultra-high-tensile stamping products for electric vehicles

Incorporated measures for carbon neutrality

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

Aiming to reduce CO2 by 50% compared to conventional plants

Place : Ogaki-city, Gifu-ken

Production item : Stamping products for automobiles

Land Space : 80,000m²

Floor Space : 43,000m² (Stamping-Welding Plant)

Investment amount : 13 billion yen

Beginning of construction on : Nov. 2021

Start of operation : mid-2023



New factory exterior image

- 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