



# Financial Results Briefing for Q1 Year Ending March 2022

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

July 28, 2021

**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 Q1 Consolidated Results



## Record high profit in Q1 due to sales recovery and cost improvement

(100 million yen, %)

|  | FY2020<br>Q1 Result | FY2021<br>Q1 Result   | YoY rate  |          |
|--|---------------------|-----------------------|-----------|----------|
|  |                     |                       | Gain&Loss | % Change |
| Sales  | 238                 | 415                   | +176      | +74.2    |
| Operating Income (△:Loss)  | △22                 | <b>Record High</b> 33 | +56       | -        |
| Operating Income Ratio   | △9.4%               | 8.1%                  | +17.5P    | -        |
| Ordinary Income (△:Loss)   | △17                 | <b>Record High</b> 38 | +56       | -        |
| Ordinary Income Ratio  | △7.5%               | 9.4%                  | +16.9P    | -        |
| Quarterly net income attributable to the parent company shareholders(△:Loss) | △12                 | <b>Record High</b> 28 | +41       | -        |
| Quarterly Net Income margin  | △5.5%               | 7.0%                  | +12.5P    | -        |
| Average exchange rate (U.S. dollars)   | ¥108.0              | ¥109.9                | +¥1.9     | -        |

※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 0.2 billion yen due to the collective recognition of mold cost collection, and decreased by 1.2 billion yen due to the offset display of sales of customer-received products and cost of sales.

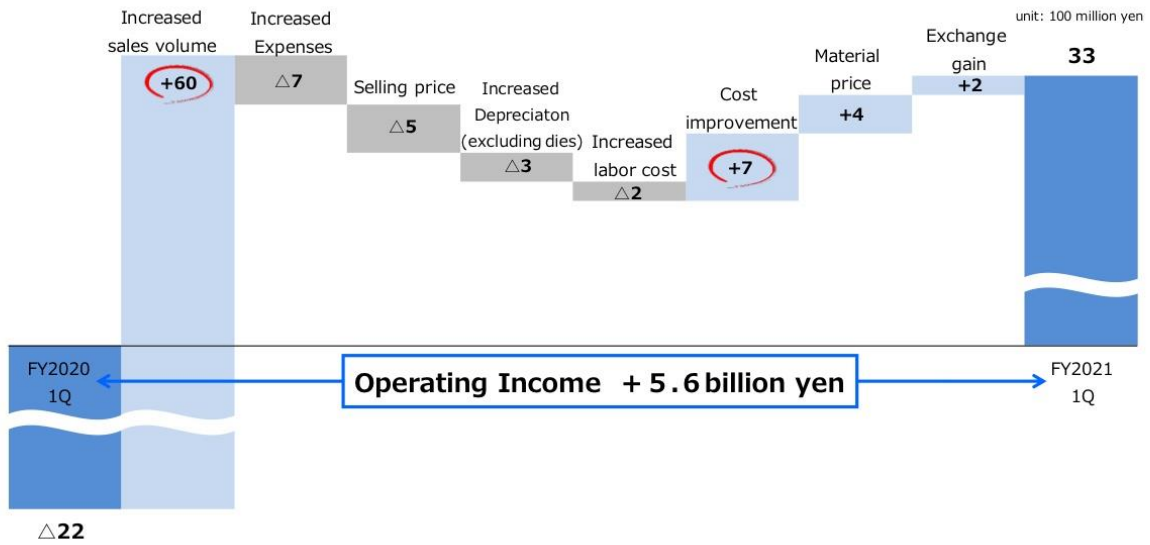
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In Q1 of the current fiscal year, production increased significantly compared to the previous fiscal year, when automakers globally suspended operations, and the Group's sales increased 74% YoY to JPY41.5 billion, recovering to the fiscal 2019 level.

The adoption of the revenue recognition standard had a negative impact of JPY1 billion from the previous standard.

As for profits, thanks to the recovery in sales and continuous efforts to improve profitability and reduce fixed costs, operating income was JPY3.3 billion, ordinary income was JPY3.8 billion, and net income was JPY2.8 billion, all of which were record profits for 1 quarter. The adoption of the revenue recognition standard did not have a material impact on earnings.

Record high profit due to sales recovery and cost improvement



Operating income increased by JPY5.6 billion from a loss of JPY2.2 billion in Q1 of the previous fiscal year, mainly due to a recovery in sales volume and cost improvements.

# 1-3 Q1 Consolidated Business Segments



## Sales and profits increased for stamping & molding and valves

(100 million yen,%)

|  | Sales             |                   |                       |                     | Operating Income |                 |                       |                     |
|--|-------------------|-------------------|-----------------------|---------------------|------------------|-----------------|-----------------------|---------------------|
|  | 2020/Q1<br>Result | 2021/Q1<br>Result | YoY rate<br>Gain&Loss | YoY rate<br>%Change | 20/Q1<br>Result  | 21/Q1<br>Result | YoY rate<br>Gain&Loss | YoY rate<br>%Change |
| Stamping & Molding                                 | 157               | 283               | +126                  | +80.1               | △21              | 15              | +36                   | —                   |
| (The impact of application of revenue recognition) |                   | (△10)             |                       |                     |                  |                 |                       |                     |
| Operating Income Ratio                             |                   |                   |                       |                     | △13.5%           | 5.4%            | +18.9P                |                     |
| Valves   | 80                | 131               | +50                   | +62.9               | △1               | 18              | +19                   | —                   |
| (The impact of application of revenue recognition) |                   | (△0)              |                       |                     |                  |                 |                       |                     |
| Operating Income Ratio                             |                   |                   |                       |                     | △1.7%            | 14.2%           | +15.9P                |                     |

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

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Sales in the Stamping and Molding business increased 80% YoY to JPY28.3 billion, and operating income rose JPY3.6 billion to JPY1.5 billion. As a result of the adoption of the revenue recognition standard, net sales were JPY1 billion lower than the previous standard. This was due to a JPY0.2 billion increase in the impact of the lump-sum recording of mold cost recovery, and a JPY1.2 billion decrease in the impact of the offsetting presentation of sales and cost of goods received from customers.

Sales in the Valves business increased 62% to JPY13.1 billion, and operating income increased JPY1.9 billion to JPY1.8 billion. In this business segment, the impact of the adoption of the revenue recognition standard was immaterial.

# 1-4 Q1 Consolidated Regional Segment



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

(100 million yen, %)

|   | Sales             |                   |           |         | Operating Income |                 |           |         |
|---|-------------------|-------------------|-----------|---------|------------------|-----------------|-----------|---------|
|   | 2020/Q1<br>Result | 2021/Q1<br>Result | Gain&Loss | %Change | 20/Q1<br>Result  | 21/Q1<br>Result | Gain&Loss | %Change |
| Japan   | 122               | 175               | +53       | +43.4   | △12              | 18              | +31       | —       |
| (The impact of application of<br>revenue recognition) |                   | (△10)             |           |         |                  |                 |           |         |
| Operating Income Ratio                                |                   |                   |           |         | △10.3%           | 10.6%           | +20.9P    |         |
| Europe & America                                      | 74                | 161               | +86       | +116.0  | △9               | 6               | +16       | —       |
| Operating Income Ratio                                |                   |                   |           |         | △13.0%           | 4.1%            | +17.1P    |         |
| Asia  | 40                | 77                | +36       | +90.3   | △1               | 8               | +9        | —       |
| Operating Income Ratio                                |                   |                   |           |         | △2.7%            | 10.7%           | +13.4P    |         |

※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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Sales and profits increased due to a recovery in sales volume in all regions of Japan, Europe, the US, and Asia.

Sales in Japan increased by 43% to JPY17.5 billion and operating income increased by JPY3.1 billion to JPY1.8 billion. Sales in Europe and the US increased by 116% to JPY16.1 billion, and operating income increased by JPY1.6 billion to JPY0.6 billion. Sales in Asia increased by 90% to JPY7.7 billion and operating income increased by JPY0.9 billion to JPY0.8 billion. Both sales and profits increased in China, Thailand, Taiwan, and South Korea.

## 2-1 Full Year Consolidated Financial Forecast



Based on the Q1 results, the latest forecasts have been incorporated, and the Q2 cumulative and full-year forecasts have been revised upward.

|                                    | FY2020                 |                  | FY2021                   |                    | (100 million yen,%) |         |           |         |
|------------------------------------|------------------------|------------------|--------------------------|--------------------|---------------------|---------|-----------|---------|
|                                    | Q2 Year to Date Result | Full Year Result | Q2 Year to Date Forecast | Full Year Forecast | QoQ rate            |         | Full Year |         |
|                                    |                        |                  |                          |                    | Gain&Loss           | %Change | Gain&Loss | %Change |
| Sales                              | 648                    | 1,504            | 830                      | 1,640              | +181                | 28.0%   | +135      | 9.0%    |
| Operating Income                   | 8                      | 89               | 65                       | 125                | +56                 | 654.1%  | +35       | 39.3%   |
| Operating Income Ratio             | 1.3%                   | 6.0%             | 7.8%                     | 7.6%               | +6.5P               | -       | +1.6P     | -       |
| Ordinary Income                    | 13                     | 112              | 70                       | 140                | +56                 | 433.1%  | +27       | 24.8%   |
| Current Net Income                 | 9                      | 79               | 50                       | 100                | +40                 | 450.8%  | +20       | 25.3%   |
| R O E                              | -                      | 7.6%             | -                        | 8.5%               | -                   | -       | +0.9P     | -       |
| R O A (Operating income basis)     | -                      | 4.2%             | -                        | 5.4%               | -                   | -       | +1.2P     | -       |
| Net Assts per Share                | -                      | 1,846yen         | -                        | 2,021yen           | -                   | -       | 175yen    | 9.5%    |
| Average exchange rate (US dollars) | 106.4yen               | 105.4yen         | 110.2yen                 | 107.5yen           | 3.8yen              | -       | 2.1yen    | -       |

※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.

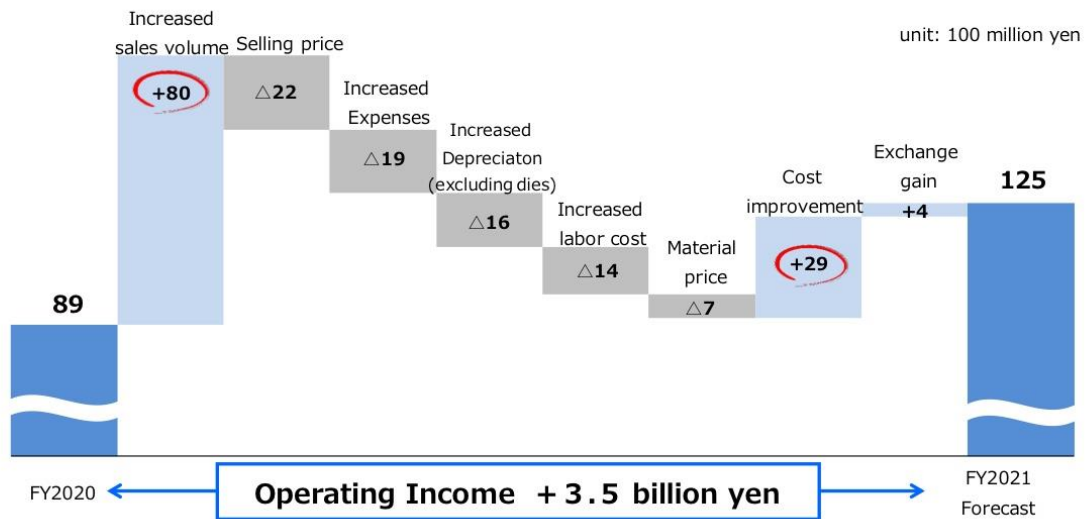
Sales increased by 1.3 billion yen due to the collective recognition of mold cost collection, and decreased by 5.3 billion yen due to the offset display of sales of customer-received products and cost of sales.

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Based on the strong performance, including a record-high Q1 profit and the latest customer plans, we have revised our H1 of the fiscal year and the full fiscal year forecasts upward.

For the full year, we have revised our previous forecast of JPY156 billion for net sales to JPY164 billion, up 5%, and operating income from JPY9.5 billion to JPY12.5 billion, up 31%. The assumed exchange rate is JPY110 to the dollar for 2 quarter and JPY105 for 3 and 4 quarters. The annual amount is JPY100 million for every JPY1 of currency sensitivity.

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



We are forecasting operating income of JPY12.5 billion for the full year, an increase of JPY3.5 billion from the previous year. We will continue to focus on improving profitability while controlling the increase in labor costs and expenses due to increased production.

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

(100 million yen,%)

|  | Sales            |                    |           |                     | Operating Income |                    |           |                     |
|--|------------------|--------------------|-----------|---------------------|------------------|--------------------|-----------|---------------------|
|  | FY2020<br>Result | FY2021<br>Forecast | Gain&Loss | YoY rate<br>%Change | FY2020<br>Result | FY2021<br>Forecast | Gain&Loss | YoY rate<br>%Change |
| Stamping & Molding                                 | 1,045            | 1,138              | +92       | +8.9                | 39               | 61                 | +21       | +55.9               |
| (The impact of application of revenue recognition) |                  | (△40)              |           |                     |                  |                    |           |                     |
| Operating Income Ratio                             |                  |                    |           |                     | 3.7%             | 5.4%               | +1.7P     |                     |
| Valves   | 457              | 499                | +41       | +9.1                | 49               | 64                 | +14       | +28.0               |
| (The impact of application of revenue recognition) |                  | (+0)               |           |                     |                  |                    |           |                     |
| Operating Income Ratio                             |                  |                    |           |                     | 10.9%            | 12.8%              | +1.9P     |                     |

※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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Sales in the Stamping and Molding segment are forecast to increase 8% YoY to JPY113.8 billion, and operating income is expected to rise 55% to JPY6.1 billion. Net sales are expected to decrease by JPY4 billion due to the application of the revenue recognition standard. This includes an increase of JPY1.3 billion due to the impact of lump-sum recording of mold cost recovery and a decrease of JPY5.3 billion due to the impact of offsetting presentation of goods received from customers.

Sales in the Valves business are expected to increase 9% YoY to JPY49.9 billion, and operating income is expected to rise 28% to JPY6.4 billion. In this business segment, the impact of the adoption of the revenue recognition standard was immaterial.



## 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<br>Result | FY2021<br>Forecast | YoY rate  |         | FY2020<br>Result | FY2021<br>Forecast | YoY rate  |         |
|  |                  |                    | Gain&Loss | %Change |                  |                    | Gain&Loss | %Change |
| Japan  | 702              | 740                | +37       | +5.3    | 51               | 71                 | +19       | +37.1   |
| (The impact of application of revenue recognition) |                  | (△40)              |           |         |                  |                    |           |         |
| Operating Income Ratio                             |                  |                    |           |         | 7.4%             | 9.6%               | +2.2P     |         |
| Europe & America                                   | 523              | 586                | +62       | +11.9   | 15               | 28                 | +12       | +78.6   |
| Operating Income Ratio                             |                  |                    |           |         | 3.0%             | 4.8%               | +1.8P     |         |
| Asia   | 277              | 314                | +36       | +13.0   | 18               | 24                 | +5        | +26.3   |
| Operating Income Ratio                             |                  |                    |           |         | 6.8%             | 7.6%               | +0.8P     |         |

※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.

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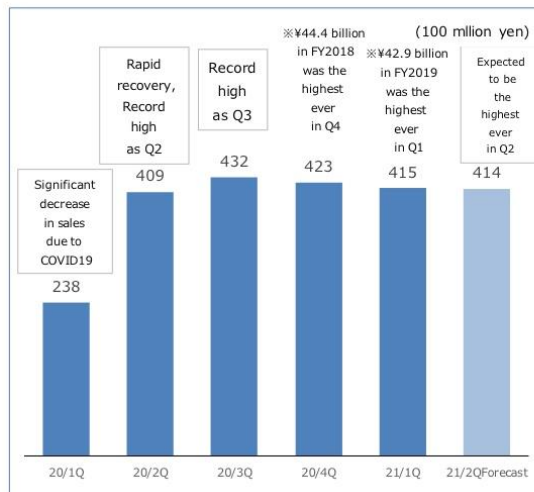
Sales in Japan are expected to increase by 5% to JPY74 billion and operating income by 37% to JPY7.1 billion, sales in Europe and the US are expected to increase by 11% to JPY58.6 billion and operating income by 78% to JPY2.8 billion, and sales in Asia are expected to increase by 13% to JPY31.4 billion and operating income by 26% to JPY2.4 billion.

## 2-5 Quarterly consolidated financial results

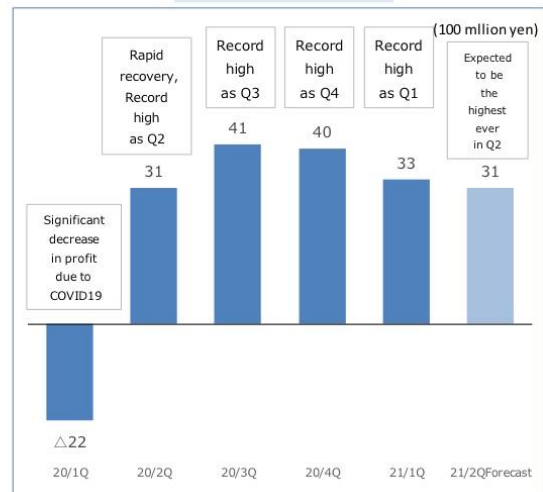


Renewing record highs in each quarter on QOQ basis

### Sales



### Operating Income



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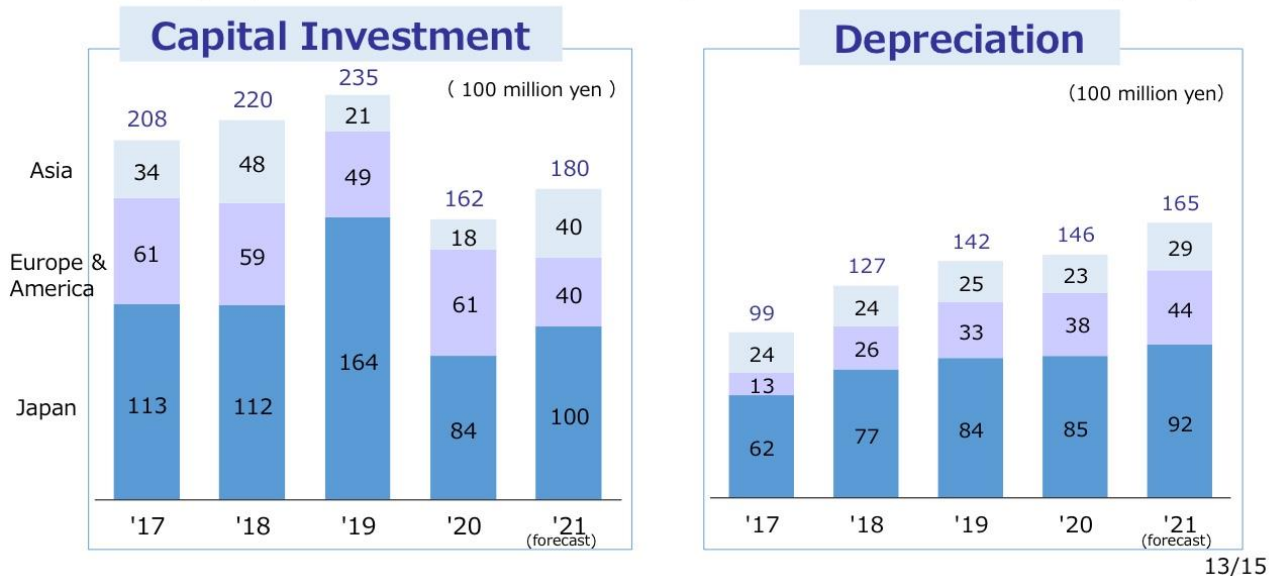
Consolidated net sales and operating income by quarter since the previous fiscal year.

In Q1 of the previous fiscal year, sales and profits declined significantly due to the impact of the coronavirus, but since Q2, quarterly sales and operating profits have been the highest compared to the same period due to the recovery of production and the improvement of our company's structure. We expect Q2 of the current fiscal year to be another record high, but we will continue to work on improving profitability, partly because of the recent fluctuations in production.

## 2-6 Consolidated Capital Investment & Depreciation



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



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 JPY16.5 billion in depreciation and amortization, an increase of JPY1.9 billion from the previous fiscal year.

Even amid the coronavirus disaster, we are continuously investing for future growth, and are investing in building expansion and additional large presses at its 3 main bases in Japan, North America, and China to prepare for production associated with the launch of new products. In addition to increasing production capacity, we will strive to build a more efficient production system by reallocating production facilities to meet the needs of our customers.

# 3 Focus for This Term



**Aiming for sustainable growth by expanding existing areas and introducing resources into new fields**

## Existing Areas

### ·Improving profitability in both stamping & resin and valve businesses

- ⇒Smooth launch of new car models globally  
Improving productivity through thorough labor saving and quality improvement
- Maintaining a production system in response to fluctuations in the number of units

### ·Securing growth opportunities due to progress in electrification and Carbon neutral

- ⇒Accelerating product development for EVs
- ⇒Deepening of cold ultra-high-tensile technology



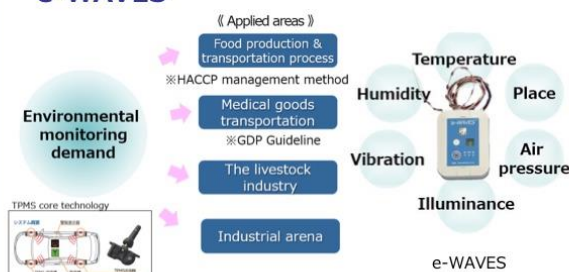
Electric expansion valve for EVs

## New Fields

### ·Accelerating solution development applying TPMS core technology

- ⇒Plans for continuous commercialization due to resource shift

### ·Sales expansion/application of "e-WAVES"



In response to the decline in sales in the previous fiscal year due to the impact of the coronavirus, we have been working to improve profitability with a strong sense of urgency, and although the recovery of the Valves business market has been delayed, earnings have recovered to the level of fiscal 2019.

As for the Stamping and Molding business, we were able to make a large profit in the past quarter, having a return on investment in large presses that we have been implementing. We have seen improvements in productivity and profitability in both the Stamping and Molding and Valves businesses, which has led to a stronger business structure. In the current fiscal year as well, the future remains uncertain due to the shortage of semiconductors and production stoppages caused by the coronavirus, but the Group will continue to implement thorough infection prevention measures and conduct stable business operations.

We also see electrification and carbon neutrality initiatives as growth opportunities for the Group and are accelerating our development of related products. In the Valves business, we are promoting development and sales expansion on a global basis, as heat pump-type car air conditioners are expected to expand with the shift to EVs, and demand for electric expansion valves used in these systems is expected to grow.

In the Stamping and Molding business, we will strive to deepen our structural analysis technology and cold ultra-high tensile-forming technology to further expand sales in response to the increasing need for weight reduction in line with the shift to EVs.

In addition, the multi-sensing logger “e-WAVES”, which can be used to manage the quality of transportation of pharmaceuticals and foodstuffs, was launched in April and is being used for vaccine transportation and temperature control, helping to solve social issues.

We will continue to aim for sustainable growth, proceeding expansion in existing areas and shifting resources to new fields.