



# Financial Results for FY2022 and Mid-term Business Plan Briefing

The 99th period : Apr. 1st, 2022- Mar. 31st, 2023

思いをこめて、あしたをつくる  
Passion in Creating Tomorrow

May 10, 2023  
**PACIFIC INDUSTRIAL CO. LTD.**

(No Explains)

## Contents



1. FY2022 Financial Performance
2. Financial Forecast (FY2023)

### Cautionary Statement with Respect to Forward-Looking Statements

These materials contain forward-looking statements that reflect our current expectations. These forward-looking statements are not guarantees of future performance. It involves any risk depending on the Japanese or international economic situation, business trends related to our company, fluctuation of exchange rates and other factors. It may cause our actual performance to be materially different from any future results announced.

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(No Explains)

## 1-1 FY2022 Consolidated Financial Summary



**Increase in sales and reached a record high, decrease in income due to higher costs of materials, etc.**

(100 millions of yen, %)

	FY2021		FY2022		YoY rate			
	Q4 Cumulative Result	Result	Q4 Cumulative Result	Result	Q4 Cumulative Result		Result	
					Gain&Loss	% Change	Gain&Loss	% Change
Sales	444	1,644	478	<b>Record High</b> 1,912	+34	+7.7	+267	+16.3
Operating Income	29	107	36	92	+6	+21.4	△14	△13.6
Operating Income Ratio	6.7%	6.5%	7.5%	4.9%	+0.8P	-	△1.6P	-
Ordinary Income	45	146	46	132	+1	+2.5	△14	△9.6
Ordinary Income Ratio	10.3%	8.9%	9.8%	6.9%	△0.5P	-	△2.0P	-
Net income attributable to owners parent	24	98	31	93	+6	+29.1	△5	△5.1
Quarterly Net Income margin	5.4%	6.0%	6.5%	4.9%	+1.1P	-	△1.1P	-
Average exchange rate (U.S. dollars)	¥115.4	¥112.1	¥133.3	¥134.9	¥17.9	-	¥22.8	-

• FY2022 Sales includes YoY decrease 5.1billion in FY2022 Q4 due to the impact of increased customer-received steel materials for stamping. No impact on income.

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For Q4 results, sales increased 7% YoY to JPY47.8 billion and operating income increased 21% to JPY3.6 billion, due to an increase in sales logistics as a result of the recovery in automobile production.

For the full year, sales were JPY191.2 billion, operating income was JPY9.2 billion, ordinary income was JPY13.2 billion, and net income attributable to owners parent was JPY9.3 billion.

## 1-2 Analysis of Consolidated Sales



### Record high sales due to yen depreciation, rising material prices and production recovery

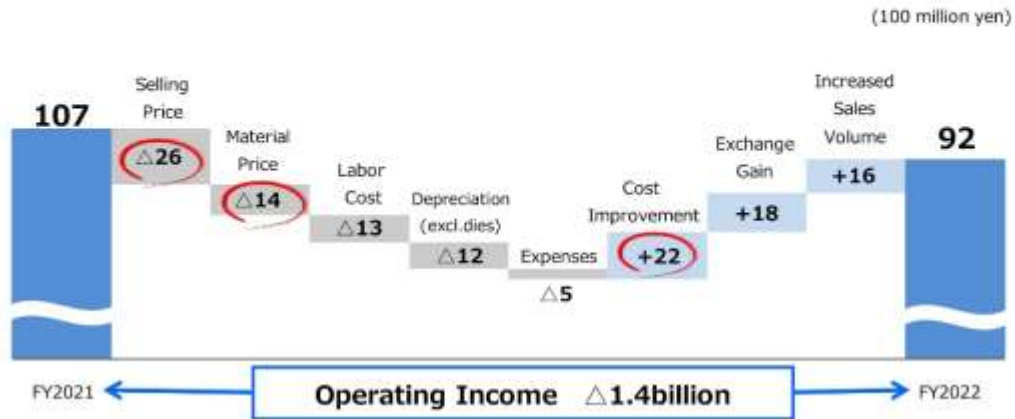


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The factors of sales increase/decrease for the full year are as follows: positive effect of exchange rates due to the continued depreciation of the yen; and positive effect of sales volume due to the recovery of automobile production as the situation of shortage of semiconductors against operation eased due to the high price of materials resulting from the rise in prices of pressed steel materials, etc., despite the decrease in sales due to the impact of increased customer-received materials for stamping from Q4.

As a result, net sales for the period amounted to JPY191.2 billion.

**Income decreased due to lower selling prices and higher costs despite efforts to cost improvements**



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Operating income was JPY9.2 billion due to the impact of selling prices, the effect of increased expenses from higher material and energy prices, and a large increase in labor and other cost burdens.

## 1-4 Financial Results by Business Segments



**Sales increased in Stamping & Molding segment , but income remained unchanged from the previous year, while in Valve segment increased in sales and decreased in income.**

(100 millions of yen,%)

	Sales				Operating Income			
	FY2021 Result	FY2022 Result	YoY Rate		YoY rate Result	0 Result	YoY Rate	
			Gain&Loss	%Change			Gain&Loss	%Change
<b>Stamping &amp; Molding</b>	1,142	1,368	+225	+19.7	49	49	+0	+1.1
(The Impact of increased customer-received materials for stamping)		*1 (△51)						
Operating Income Ratio					4.3%	3.6%	△0.7P	
<b>Valves</b>	499	542	+42	+8.4	58	42	△15	△26.9
Operating Income Ratio					11.7%	7.9%	△3.8P	

• FY2022 Sales includes YoY decrease 5.1billion in FY2022 Q4 due to the impact of increased customer-received steel materials for stamping. No impact on income.

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Sales of the stamping and molding segment were JPY136.8 billion due to the impact of yen depreciation, high material prices, and increased sales volume.

Operating income was JPY4.9 billion, unchanged from the previous year, due to increased expenses and labor costs at the US entities up to a third quarter, despite the effect of increased sales volume.

Sales in the valve segment were JPY54.2 billion due to the significant impact of yen depreciation.

Operating income was JPY4.2 billion despite our efforts to promote price pass-through to compensate for higher material and other costs.

## 1-5 Financial Results by Region



**Sales increased and income decreased in Japan, Europe, and America.  
Sales and income increased in Asia**

(100 millions of yen,%)

	Sales				Operating Income			
	FY2021 Result	FY2022 Result	YoY Rate		FY2021 Result	FY2022 Result	YoY Rate	
			Gain&Loss	%Change			Gain&Loss	%Change
<b>Japan</b>	687	706	+18	+2.7	61	49	△11	△18.9
(The Impact of increased customer-received materials for stamping)		*1 (△51)						
Operating Income Ratio					8.9%	7.1%	△1.8P	
<b>Europe &amp; America</b>	612	781	+168	+27.5	13	△1	△15	Deficit
Operating Income Ratio					2.2%	△0.2%	△2.4P	
<b>Asia</b>	344	425	+80	+23.4	31	36	+5	+16.4
Operating Income Ratio					9.2%	8.7%	△0.5P	

\* FY2022 Sales includes YoY decrease 5.1billion in FY2022 Q4 due to the impact of increased customer-received steel materials for stamping. No impact on income.

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Sales in Japan amounted to JPY70.6 billion, mainly due to the impact of higher material prices up to Q3 and the impact of lower sales from Q4 due to the impact of increased customer-received materials for stamping.

Operating income was JPY4.9 billion due to higher material and energy prices and other costs.

Sales in Europe and the US totaled JPY78.1 billion, partly due to the effect of currency exchange resulting from the weaker yen.

Operating income was limited to a loss of JPY100 million for the full year, as the deterioration in earnings at the US entity from Q2 to Q3 was offset in Q4.

Sales in Asia were JPY42.5 billion and operating income was JPY3.6 billion due to an increase in sales volume.

# 1-6 Quarterly performance trends



Secured income in Q3 due to profit improvement. Income in Q4 increased due to sales volume increasing.



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This slide shows the quarterly changes in sales and operating income.

In Q4, sales volume increased, but sales decreased due to the increase of customer-received materials for stamping. Profits were higher than in Q3 due to an increase in volume and improved profitability.



## 2-1 FY2023 Forecast Summary



Sales are expected down due to the impact of increased customer-received steel materials for stamping, but operating income will be up by sale volume increasing.

(100 millions of yen, %)

	FY2022		FY2023		YoY rate			
	22/2Q Cumulative Result	Full Year Result	23/2Q Cumulative Forecast	Full Year Forecast	2Q Gain&Loss	%Change	Full Year Gain&Loss	%Change
Sales	909	1,912	910	*1 1,850	+0	0.1%	△62	△3.3%
Operating Income	26	92	50	100	+23	92.2%	+7	7.6%
Operating Income Ratio	2.9%	4.9%	5.5%	5.4%	+2.6P	-	+0.5P	-
Ordinary Income	55	132	65	130	+9	17.3%	△2	△1.6%
Ordinary Income Ratio	6.1%	6.9%	7.1%	7.0%	+1.0P	-	+0.1P	-
*2 Current Net Income	41	93	45	90	+3	8.9%	△3	△3.2%
R O E	-	7.0%	-	6.4%	-	-	△0.6P	-
R O A (Operating income basis)	-	3.7%	-	3.7%	-	-	-	-
Net Assets per Share	-	¥2,309	-	¥2,467	-	-	¥158.0	6.8%
Average exchange rate (US-dollar)	¥129.8	¥134.9	¥130.0	¥130.0	¥0.2	-	△¥4.9	-

\*1 FY2023 Sales includes YoY decrease 19.4billion due to the impact of increased customer-received steel materials for stamping. No impact on income.

\*2 Current net income is the current net income attributable to the parent company shareholders.

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Full-year sales are projected at JPY185 billion. We assume that sales volume will recover, although there will be a sales decrease impact of about JPY20 billion due to the impact of increased customer-received steel materials for stamping starting in Q4 FY2022. Operating income is projected at JPY10 billion, ordinary income at JPY13 billion, and current net income at JPY9 billion.



## 2-2 Analysis of FY2023 Forecasts: Consolidated Sales



Sales volume are expected to be up, but sales down due to the impact of increased customer-received steel materials for stamping



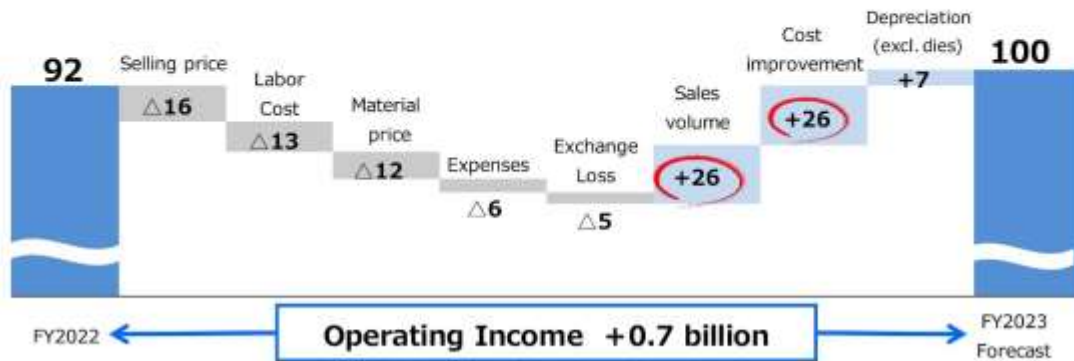
For the full year, we forecast net sales of JPY185 billion, down JPY6.2 billion from JPY191.2 billion in the previous year, due to the impact of increased customer-received steel materials for stamping, foreign exchange effects, and lower sales prices, although we will increase sales volume.

## 2-3 Analysis of FY2022 Forecasts: Operating Income



Sales are expected to recover, income will be up due to ongoing efforts to cost improvements.

(100 millions of yen)



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Operating income for the full year is projected to be JPY10 billion, an increase of JPY700 million YoY. Since we expect production recovery to proceed, we will work to steadily restore earnings and secure profits by making improvements.

## 2-4 Forecast by Business Segments



Sales are expected to decline in the Stamping and molding business due to the impact described below<sup>(\*\*1)</sup>, while sales and income are expected to decline in the valve business.

(100 millions of yen, %)

	Sales				Operating Income			
	FY2022 Result	FY2023 Forecast	YoY Rate		FY2022 Result	FY2023 Forecast	YoY Rate	
			Gain&Loss	%Change			Gain&Loss	%Change
<b>Stamping &amp; Molding</b>	1,368	1,315	△53	△3.9	49	70	+20	+40.6
(The impact of increased customer-received materials for stamping)	*1 (△51)	(△245)	(△194)					
Operating Income Ratio					3.6%	5.3%	+1.7P	
<b>Valves</b>	542	530	△12	△2.2	42	30	△12	△29.6
Operating Income Ratio					7.9%	5.7%	△2.2P	

\* 1 The above includes sales decrease since FY2022 Q4 due to the impact of increased customer-received materials for stamping.  
No impact on income.

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Sales of the stamping and molding segment amounted to JPY131.5 billion, including a decrease in sales due to the impact of increased customer-received materials for stamping.

Operating income is projected at JPY7 billion.

The valve segment is forecasted to achieve sales of JPY53 billion and operating income of JPY3 billion.

## 2-5 Forecast by Region



**Sales and income will be down in Japan and Asia. Sales will be down and income will be up in Europe and the United States.**

(100 millions of yen, %)

	Sales				Operating Income			
	FY2022 Result	FY2023 Forecast	Gain&Loss	%Change	FY2022 Result	FY2023 Forecast	Gain&Loss	%Change
<b>Japan</b>	706	685	△21	△3.0	49	40	△9	△19.8
<small>(The Impact of increased customer-received materials for stamping)</small>	*1 (△51)	(△245)	(△194)					
Operating Income Ratio					7.1%	5.8%	△1.3P	
<b>Europe &amp; America</b>	781	747	△34	△4.4	△1	19	+20	Surplus
Operating Income Ratio					△0.2%	2.5%	+2.7P	
<b>Asia</b>	425	418	△7	△1.7	36	33	△3	△10.5
Operating Income Ratio					8.7%	7.9%	△0.8P	

\*1 The above includes sales decrease since FY2022 Q4 due to the impact of increased customer-received materials for stamping.  
No impact on income.

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We forecast sales in Japan of JPY68.5 billion and operating income of JPY4 billion.

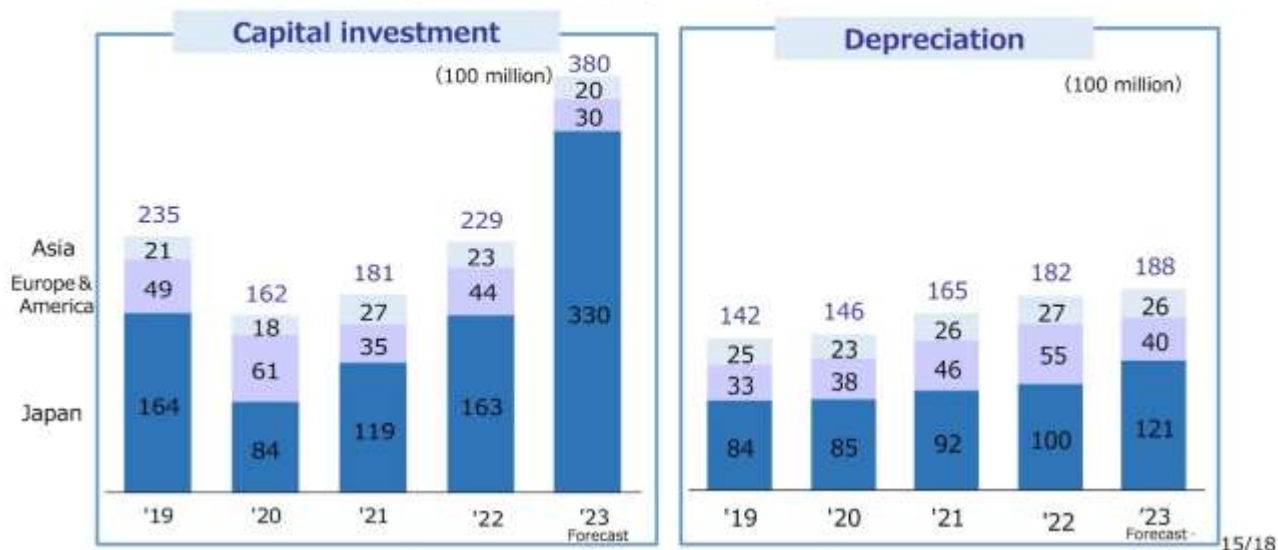
We forecast sales in Europe and America of JPY74.7 billion and operating income of JPY1.9 billion.

We forecast sales in Asia of JPY41.8 billion and operating income of JPY3.3 billion.

## 2-6 Capital investments and Depreciation



### Investments for future growth are progressing



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In addition to production preparations for the usual new product launches, capital investment in FY2022 included the construction of a new plant in the Ogaki area as an investment for future growth, as well as the introduction of press welding equipment to increase production in Japan, the US, and China.

For FY2022 results, capital investment was JPY22.9 billion, and depreciation increased JPY1.7 billion YoY to JPY18.2 billion.

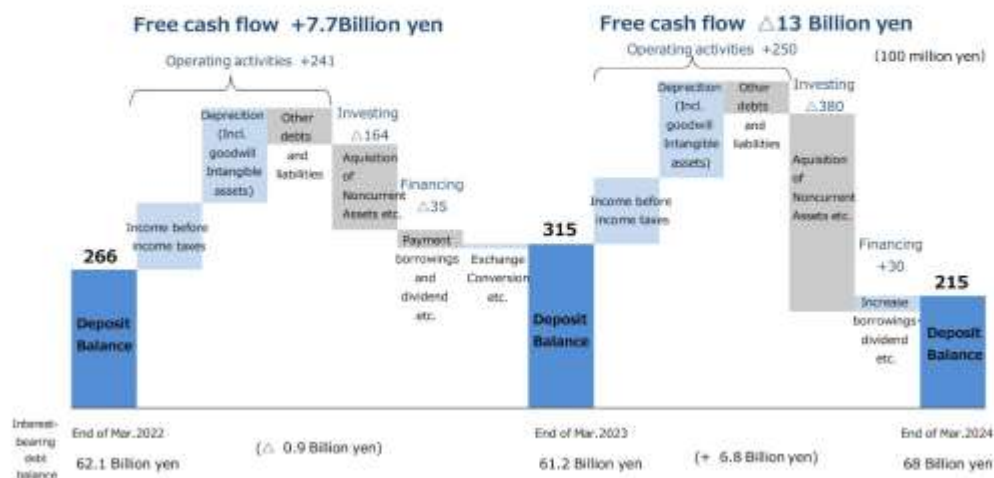
In FY2023, we plan to invest JPY38 billion, including the construction of a new plant.

In response to an increase in orders from customers, we will increase our production capacity and also invest in building a more efficient production system to strengthen our competitiveness.

## 2-7 Consolidated Cash Flow



### Efficient fund management by strengthening consolidated cash management



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Regarding cash flow, the Group is strengthening its internal cash management and promoting efficient fund management.

In FY2022, there was a one-time increase in cash to prepare for plant investment payments.

In FY2023, cash and cash equivalents will decrease by JPY10 billion due to payments for plant construction and other items.

Interest-bearing debt is expected to increase by JPY6.8 billion, as it will be partially financed by borrowings.

## 2-8 Return to Stockholders



**Flexible shareholder returns through share buybacks, and stable dividends will continue.**

### <Dividend per share>



### <Acquisition of treasury stock>

- Improve shareholder returns and capital efficiency, implement flexible capital policy
- Acquisition date, number of shares, amount: April 28, 2023, 1,284 million yen, 1,090,000 shares
- Total shareholder return ratio : 37.9%/FY2022, 43.1%/FY2023 forecast

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Dividends for FY2022 were in line with the dividend forecast indicated at the beginning of the fiscal year. The year-end dividend was JPY22, and the annual dividend was JPY42.

The annual dividend for FY2023 is planned to be JPY42 per share.

The acquisition of treasury stock, which was disclosed in conjunction with the earnings announcement on April 27, was completed on April 28. The total number of shares acquired was 1.09 million shares for a total amount of JPY1.2 billion.

The purpose of this acquisition is to improve shareholder returns and capital efficiency and to implement a flexible capital policy.