



FY2023 First Quarter Financial Results Briefing

The 100th period : Apr. 1st, 2023- Jun.30th, 2023

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

July 27th, 2023

PACIFIC INDUSTRIAL CO., LTD.

(No explains)

Contents



1. FY2023 Q1 Financial Performance
2. Financial Forecast (FY2023 Full Year)

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.

2/18

(No explains)

Record highest were achieved for sales, ordinary and net income due to increase in higher automobile production

(100 millions of yen, %)

	FY2022 Q1 Result	FY2023		YoY rate	
		Record High	Q1 Result	Gain&Loss	% Change
Sales	444	Record High	493	+48	+10.9
Operating Income	16		31	+14	+89.4
Operating Income Ratio	3.7%		6.4%	+2.7P	-
Ordinary Income	38	Record High	52	+13	+36.0
Ordinary Income Ratio	8.7%		10.7%	+2.0P	-
Net income attributable to owners parent	29	Record High	39	+10	+36.0
Quarterly Net Income margin	6.5%		8.0%	+1.5P	-
Average exchange rate (U.S. dollars)	¥125.9		¥135.7	¥9.8	-

- Sales decrease since FY2022 Q4 due to expansion of offsetting range of sales and its cost; the impact of customer-received steel materials for stamping. No impact on income.

3/18

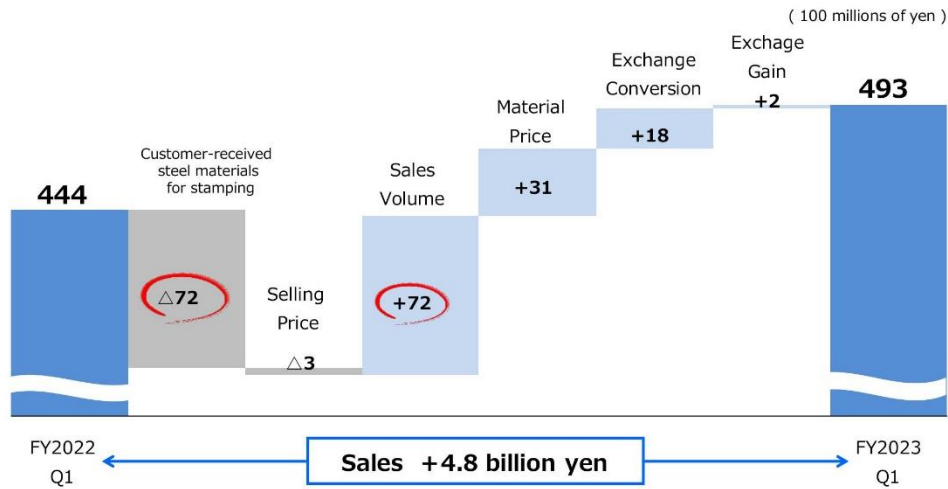
In Q1 of this fiscal year, the effects of the semiconductor shortage that has persisted since the year before last have eased, and production activities were more stable than we had expected at the beginning of the period. The Group's net sales increased 10% YoY to JPY49.3 billion, a record high for Q1, due to the recovery of automobile production and the depreciation of the yen.

Operating income was JPY3.1 billion due to an increase in sales volume. Ordinary income increased by JPY1.3 billion to JPY5.2 billion, and net income increased by JPY1 billion to JPY3.9 billion from the previous year, both record highs for Q1, mainly due to foreign exchange gains from yen depreciation.

1-2 Analysis of Consolidated Sales



Sales reached a record high in Q1. The sales volume increasing compensated for the decline in sales due to the impact of customer-received steel materials for stamping.



4/17

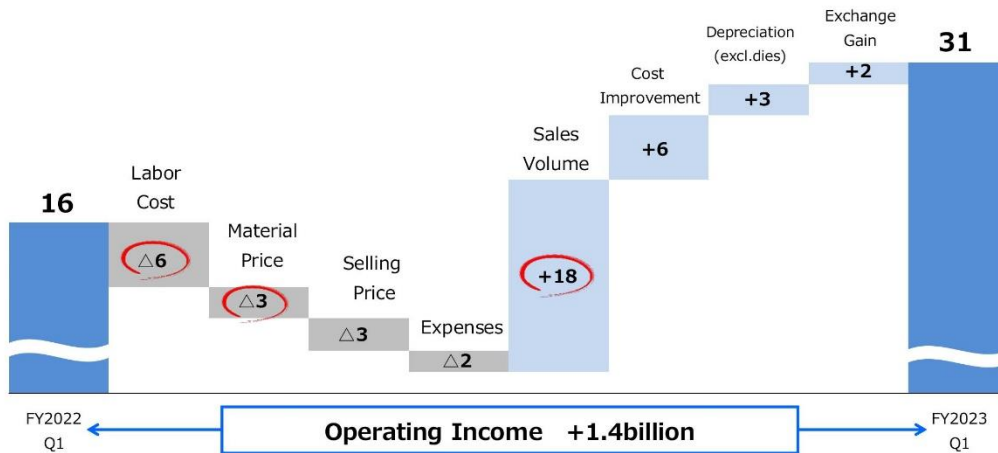
Net sales increased JPY4.8 billion YoY to JPY49.3 billion, mainly due to an increase in sales volume and the positive impact of foreign exchange rates resulting from the continued depreciation of the yen, despite the negative impact of JPY7.2 billion due to the impact of customer-received steel materials for stamping.

1-3 Analysis of Consolidated Operating Income



Profit increased because of cost improvement despite cost increase owing to increase in sales volume.

(100 millions of yen)



5/16

Operating income increased JPY1.4 billion YoY to JPY3.1 billion, mainly due to an increase in sales volume and promotion of cost improvement, despite the negative impact of higher labor and expenses due to increased sales volume and soaring material prices.

1-4 Financial Results by Business Segments



Sales and profit increased in Stamping & Plastic Molding segment because of sales volume up. Sales of valves increased due to the impact of exchange rates. Decrease in profit due to cost increase owing to soaring material and labor costs.

(100 millions of yen, %)

	Sales				Operating Income			
	22/Q1 Result	23/Q1 Result	YoY Rate Gain&Loss	YoY Rate %Change	22/Q1 Result	23/Q1 Result	YoY Rate Gain&Loss	YoY Rate %Change
Stamping & Plastic Molding	310	353	+42	+13.8	4	22	+17	+388.0
(The Impact of increased customer-received materials for stamping)		(△72)						
Operating Income Ratio					1.5%	6.3%	+4.8P	
Valves	133	139	+5	+4.0	11	9	△2	△23.0
Operating Income Ratio					8.8%	6.5%	△2.3P	

- Sales decrease since FY2022 Q4 due to expansion of offsetting range of sales and its cost; the impact of customer-received steel materials for stamping. No impact on income.

6/16

In the stamping and plastic molding business, sales increased 13% YoY to JPY35.3 billion and operating income increased JPY1.7 billion to JPY2.2 billion due to an increase in sales volume.

In the valve business, volume remained at the same level as the previous year, but sales increased by 4% to JPY13.9 billion due to the impact of the weaker yen. Operating income decreased by JPY0.2 billion to JPY0.9 billion due to the impact of soaring material prices.

1-5 Financial Results by Region



**Sales and income increased in Japan, Europe, and America.
Asia remained flat year-on-year.**

(100 millions of yen,%)

	Sales				Operating Income			
	22/Q1 Result	23/Q1 Result	YoY Rate		22/Q1 Result	23/Q1 Result	YoY Rate	
			Gain&Loss	%Change			Gain&Loss	%Change
Japan	162	167	+5	+3.2	8	16	+7	+96.0
(The Impact of increased customer-received materials for stamping)		(△72)						
Operating Income Ratio					5.0%	9.6%	+4.6P	
Europe & America	183	225	+41	+22.7	1	8	+6	+385.5
Operating Income Ratio					0.9%	3.6%	+2.7P	
Asia	98	99	+1	+1.4	7	5	△1	△22.5
Operating Income Ratio					7.4%	5.7%	△1.7P	

- Sales decrease since FY2022 Q4 due to expansion of offsetting range of sales and its cost; the impact of customer-received steel materials for stamping. No impact on income.

7/16

Sales in Japan increased 3% YoY to JPY16.7 billion, and operating income increased JPY0.7 billion to JPY1.6 billion.

Sales in Europe and USA increased 22% to JPY22.5 billion, and operating income rose JPY0.6 billion to JPY0.8 billion.

Sales in Asia were JPY9.9 billion, unchanged from the previous year, and operating income decreased JPY0.1 billion to JPY0.5 billion.

2-1 FY2023 Consolidated Financial Forecast



Revised the forecast upward to reflect the results of Q1 and changes in the external environment.

	FY2022	FY2023		YonY rate		Diff. from 27th Apr.	
	Full Year	Full Year		Full Year		Full Year	
	Results	Forecast on 27th Apr.	Latest Forecast	Gain&Loss	%Change	Gain&Loss	%Change
Sales	1,912	1,850	1,900	△12	△0.7%	+50	2.7%
Operating Income	92	100	105	+12	12.9%	+5	5.0%
Operating Income Ratio	4.9%	5.4%	5.5%	+0.6P	—	+0.1P	—
Ordinary Income	132	130	140	+7	6.0%	+10	7.7%
Current Net Income	93	90	95	+1	2.1%	+5	5.6%
R O E	7.0%	6.4%	6.6%	△0.4P	—	+0.2P	—
R O A (Operating income basis)	3.7%	3.7%	3.9%	+0.2P	—	+0.2P	—
Net Assets per Share	¥2,309	¥2,467	¥2,590	¥281	12.2%	¥123	5.0%
Average exchange rate (US dollars)	¥134.9	¥130.0	¥131.4	△¥3.5	—	¥1.4	—

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

* Sales decrease since FY2022 Q4 due to expansion of offsetting range of sales and its cost; the impact of customer-received steel materials for stamping. As a result of this, fiscal 2023 includes a 24.8 billion yen year-on-year decline in net sales. No impact on income.

9/16

Based on the Q1 results and changes in the external environment, including customers' production plans, we have upwardly revised our full year forecasts.

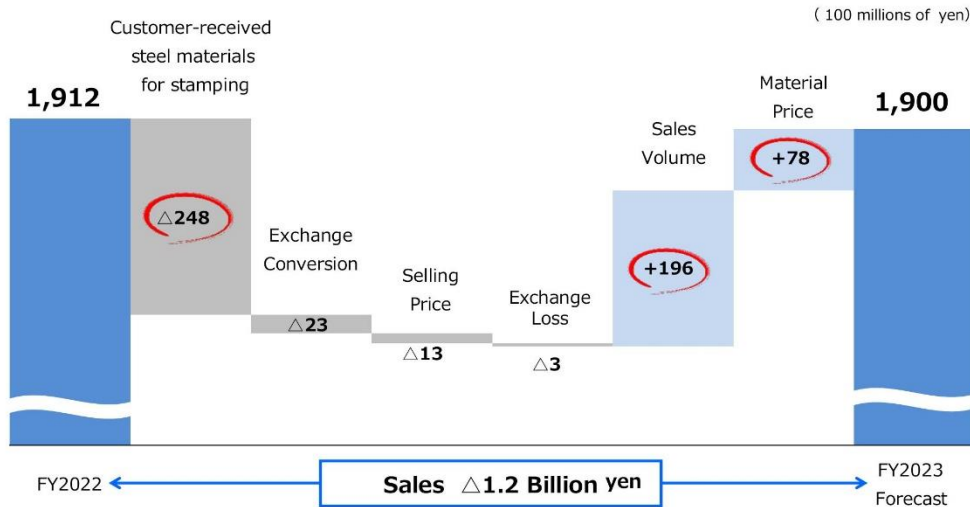
Compared to the April 27 announcement, sales increased JPY5 billion to JPY190 billion. Operating income is planned to increase by JPY0.5 billion to JPY10.5 billion. Ordinary income is revised upward by JPY1 billion to JPY14 billion, partly due to foreign exchange effects, and net income is revised upward by JPY0.5 billion to JPY9.5 billion.

The forecasted exchange rate is JPY130 to the US dollar from Q2 onwards. The exchange rate sensitivity is JPY100 million per year per yen.

2-2 Analysis of FY2023 Forecasts: Consolidated Sales



Sales volume is expected to increase. Net sales are expected to decrease due to the impact of customer-received steel materials for stamping.



10/16

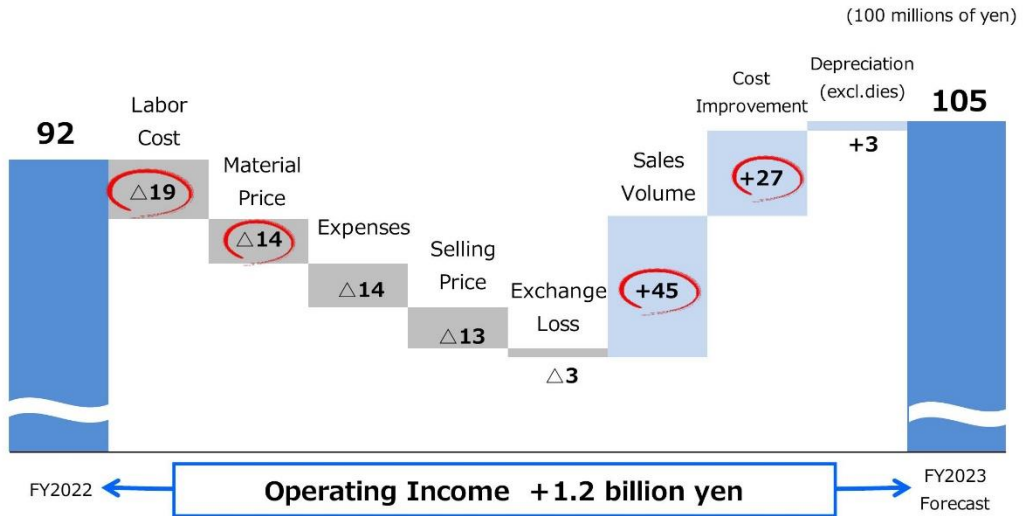
Full year net sales are expected to increase by JPY19.6 billion due to an increase in sales volume and JPY7.8 billion due to the impact of material quotation prices. However, due to the JPY24.8 billion decrease in sales due to the impact of customer-received steel materials for stamping, sales are expected to decrease by JPY1.2 billion from JPY191.2 billion in the previous fiscal year to JPY190 billion.

The change in net sales due to the JPY24.8 billion decrease in sales because of the impact of customer-received steel materials for stamping, the JPY2.3 billion decrease in sales as a result of foreign currency translation, and the JPY7.8 billion increase in sales as a result of material prices will have no impact on profit.

2-3 Analysis of FY2022 Forecasts: Operating Income



Costs increased due to sales volume up. Continued improvement is expected to increase profits.



11/16

Operating income for the full year is projected at JPY10.5 billion, an increase of JPY4.5 billion due to increased sales volume and JPY2.7 billion due to cost improvement, despite the negative impact of labor and material prices.

2-4 Forecast by Business Segments



In the stamping and plastic molding business, sales are apparently expected to decline, but profit is expected to increase due to an increase in actual volume.
Decrease in sales and profit expected for valves.

(100 million yen,%)

	Sales				Operating Income			
	FY2022 Result	FY2023 Forecast	YoY Rate		FY2022 Result	FY2023 Forecast	YoY Rate	
			Gain&Loss	%Change			Gain&Loss	%Change
Stamping & Plastic Molding	1,368	1,360	△8	△0.6	49	75	+25	+50.7
(The Impact of increased customer-received materials for stamping)	(△51)	(△299)	(△248)					
Operating Income Ratio					3.6%	5.5%	+1.9P	
Valves	542	535	△7	△1.3	42	30	△12	△29.6
Operating Income Ratio					7.9%	5.6%	△2.3P	

- Sales decrease since FY2022 Q4 due to expansion of offsetting range of sales and its cost; the impact of customer-received steel materials for stamping. No impact on income.

12/16

Net sales for stamping and plastic molding business are expected to remain at the same level as the previous fiscal year at JPY136 billion, and operating income is expected to increase by JPY2.5 billion to JPY7.5 billion due to an increase in sales volume. Net sales in the valve business are projected to be JPY53.5 billion, unchanged from the previous year, due to the assumed exchange rate of JPY130 for Q2 and beyond, and operating income is projected to decrease by JPY1.2 billion to JPY3 billion, based on the assumption that material price hikes will continue.

2-5 Forecast by Region



Decrease in sales and income in Japan and Asia, increase in sales and income in Europe and America.

(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
Japan	706	685	△21	△3.0	49	47	△2	△5.8
(The Impact of increased customer-received materials for stamping)	(△51)	(△299)	(△248)					
Operating Income Ratio					7.1%	6.9%	△0.2P	
Europe & America	781	803	+21	+2.8	△1	23	+24	-
Operating Income Ratio					△0.2%	2.9%	+3.1P	
Asia	425	412	△13	△3.1	36	27	△9	△26.8
Operating Income Ratio					8.7%	6.6%	△2.1P	

- Sales decrease since FY2022 Q4 due to expansion of offsetting range of sales and its cost; the impact of customer-received steel materials for stamping. No impact on income.

13/16

Sales in Japan are expected to decrease 3% YoY to JPY68.5 billion, and operating income is projected to decrease JPY0.2 billion to JPY4.7 billion, despite positive effects from increased sales volume, due to increased labor and expenses, soaring material prices for valves, and the start of depreciation related to investment in new plants from H2.

Sales in Europe and USA are projected to increase 2% to JPY80.3 billion due to a recovery in sales volume, and operating income is projected to increase JPY2.4 billion to JPY2.3 billion.

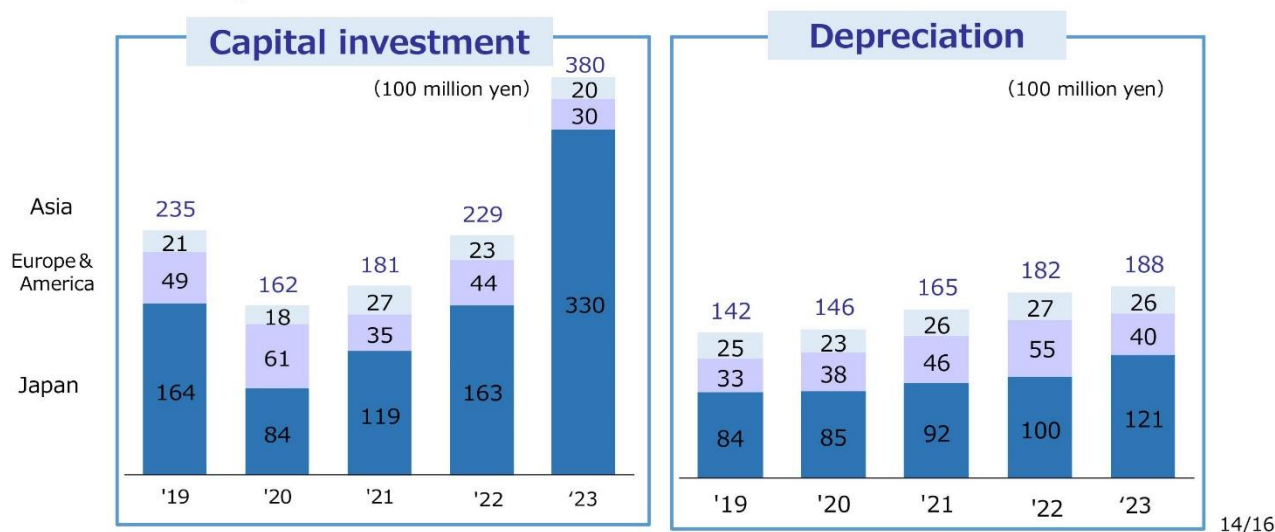
Effective from the current fiscal year, the amortization period for stamping machines owned by the USA subsidiary has been revised from 7 years to 15 years. As a result of this change, depreciation and amortization expenses are expected to decrease by approximately JPY1.5 billion from the previous level.

In Asia, we forecast net sales of JPY41.2 billion, down 3%, and operating income of JPY2.7 billion, down JPY0.9 billion, assuming a decrease in sales volume in China.

2-6 Capital investments and Depreciation



Aggressive investment in new stamping plants and production lines for new valve products.



14/16

In FY2023, we plan to invest JPY38 billion, including construction of a new stamping plant in the Ogaki area and preparation for production of electric expansion valves for battery EVs.

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 Topics



Promote solutions to customer and social issues and improve corporate value.

New stamping plant



- The first construction was completed in July. Preparing to start operation in November.
- Improve a decent work environment
- Sequentially established die production plant and R&D center.

e-WAVES Cloud



<https://www.pacific-ind.co.jp/news/20230704113026.html>

- Update dedicated cloud system for multi-sensing logger "e-WAVES"
- Ensuring high security and falsification prevention in line with the requirements of the pharmaceutical industry.

Selected as an ESG index adopted by GPIF



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

(Selected for 2 consecutive years)

- Selected as a constituent of the FTSE Blossom Japan Index for the first time. It is an index for Japanese companies that are making excellent efforts on ESG.

15/16

We are promoting initiatives to enhance our corporate value by strengthening our competitiveness in existing businesses, contributing to solving social issues through new products and sustainability initiatives.

The construction of the new plant is progressing as planned, with the first phase of construction completed this month. The equipment will be installed in August, and operations will begin in phases. In addition, we will secure personnel and other measures to prepare for full-scale operations starting in November.

The new plant is being positioned as a global mother plant and is being built to improve productivity through improved logistics efficiency and automation, as well as to create a comfortable work environment and introduce renewable energy. From next year onward, we plan to build a die production plant to strengthen the competitiveness of our stamping dies and an R&D center to strongly promote the development of new products.

e-WAVES Cloud is a data viewing system for a multi-sensing logger "e-WAVES."

The new service is released to ensure high security and falsification prevention in line with the requirements of Part 11 and ER/ES guidelines required by the pharmaceutical industry. We will continue to promote the development of devices and software that contribute to quality control of storage and transportation conditions in the food, pharmaceutical, and regenerative medicine fields to meet the needs of our customers.

In addition, we were selected for the ESG index you see in June 2023 in recognition of our ongoing efforts in sustainability initiatives and information dissemination.

We will continue our efforts to solve issues facing our customers and society and enhance our corporate value.