

Financial Results Briefing for FY2023

The 100th period : Apr. 1st, 2023- Mar. 31st, 2024

May 8, 2024

PACIFIC INDUSTRIAL CO., LTD.



- 1 . FY2023 Financial Performance**
- 2 . Consolidated Forecast FY2024**
- 3 . The Progress of Mid-term
Business Plan “NEXUS-26”**

Cautionary Statement with Respect to Forward-Looking Statements

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.

1-1 FY2023 Consolidated Financial Summary



Sales volume increased due to steady automobile production, and both sales and profits reached record highs

(100 millions of yen, %)

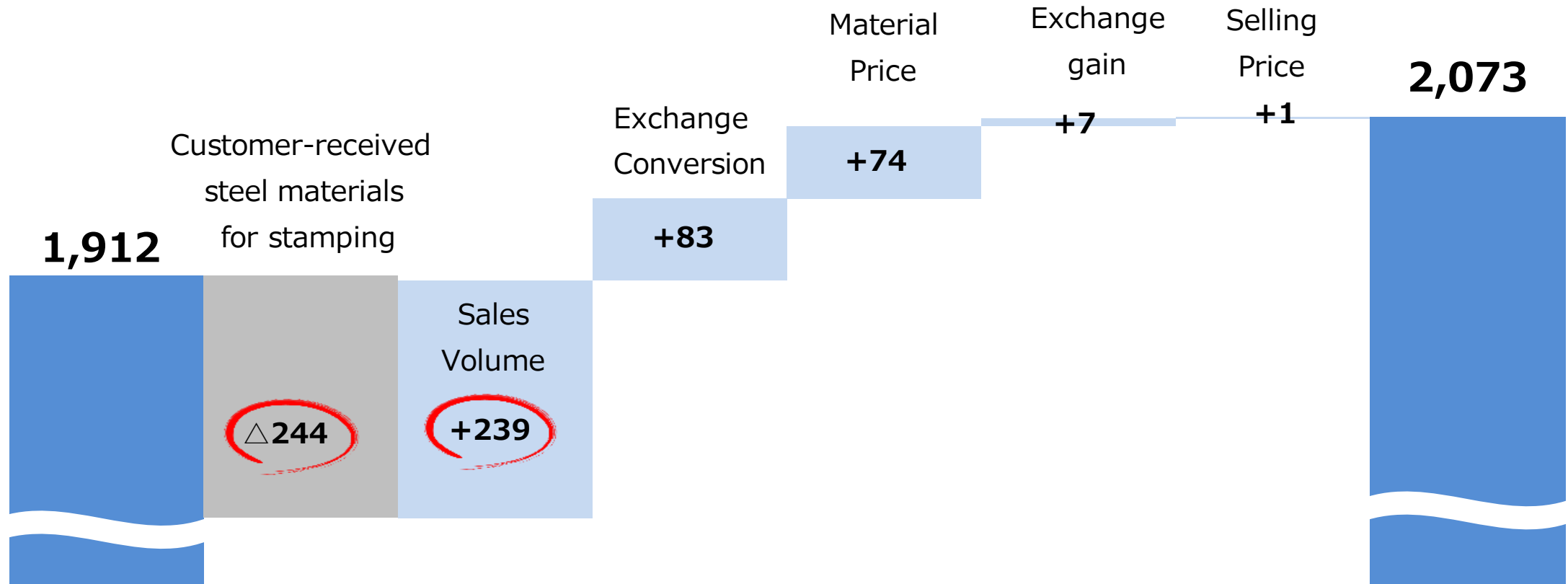
	FY2022		FY2023		YoY rate			
	22/Q4 Results	Full Year Results	23/Q4 Results	Full Year Results	Q4		Full Year	
					Gain&Loss	% Change	Gain&Loss	% Change
Sales	478	1,912	Record High 513	Record High 2,073	+35	+7.4	+160	+8.4
Operating Income	36	92	32	Record High 144	△3	△10.9	+51	+55.5
Operating Income Ratio	7.5%	4.9%	6.3%	7.0%	△1.2P	–	+2.1P	–
Ordinary Income	46	132	44	Record High 188	△2	△4.3	+56	+42.6
Ordinary Income Ratio	9.8%	6.9%	8.7%	9.1%	△1.1P	–	+2.2P	–
Net income attributable to owners parent	31	93	Record High 60	Record High 169	+29	+95.7	+76	+82.5
Net Income margin	6.5%	4.9%	11.8%	8.2%	+5.3P	–	+3.3P	–
Average exchange rate (U.S. dollars)	¥133.3	¥134.9	¥147.0	¥144.2	¥13.7	–	¥9.3	–

- 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, FY2023 results includes a 24.4 billion yen year-on-year decline in net sales. No impact on income.

1-2 Analysis of Consolidated Results : Sales

Sales reached record highs due to the sales volume increase and the exchange conversion

(100 millions of yen)



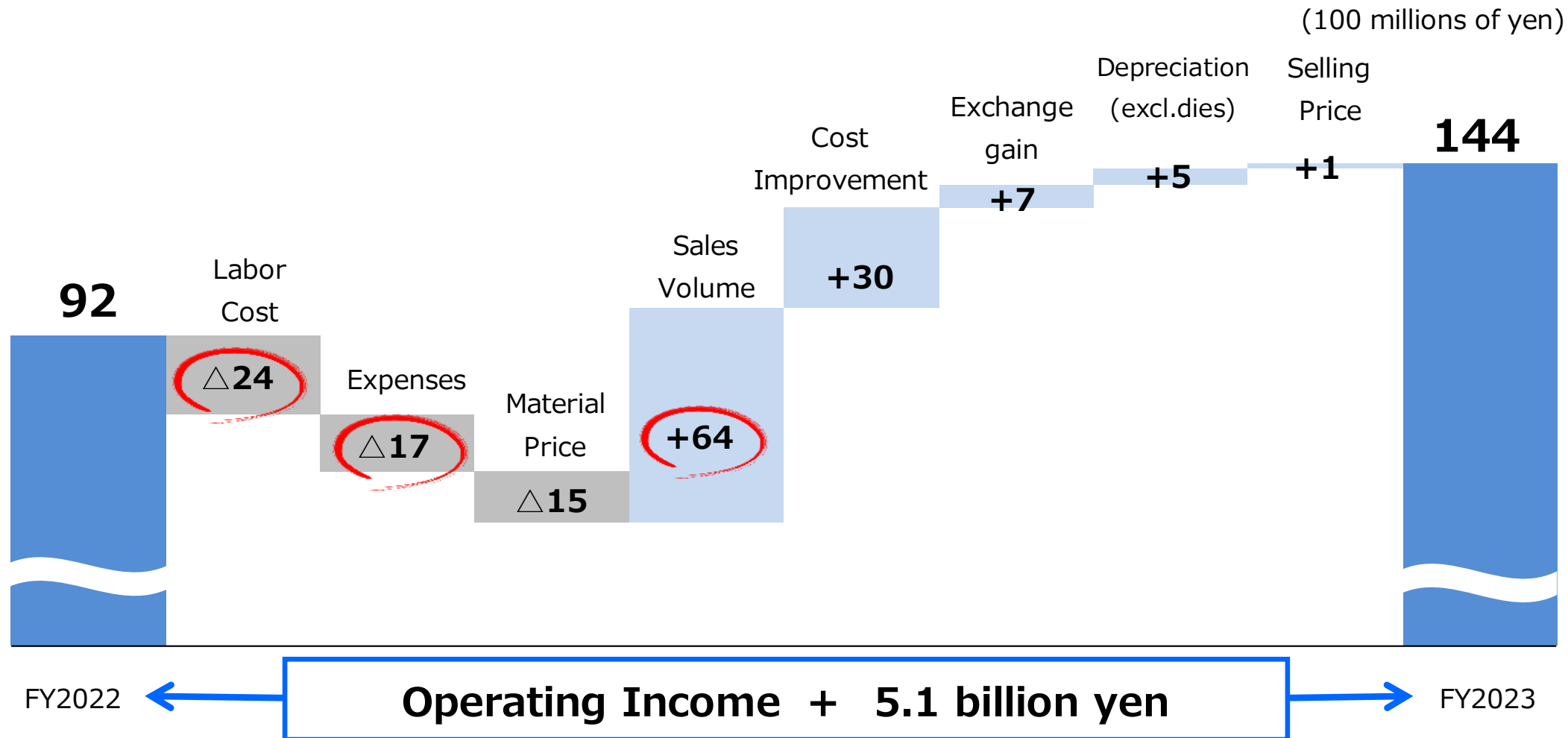
FY2022

Sales + 16 Billion yen

FY2023

1-3 Analysis of Consolidated Results : Operating Income

Record-high profit due to increase in sales volume and cost improvement despite increase in production volume and cost increase



1-4 Consolidated Results by Business Segments

**Stamping and plastic molding business increased sales and profit;
valve business increased sales but profit remained flat YoY**

(100 million yen,%)

	Sales				Operating Income			
	FY2022 Result	FY2023 Result	YoY Rate		FY2022 Result	FY2023 Result	YoY Rate	
			Gain&Loss	%Change			Gain&Loss	%Change
Stamping & Plastic Molding	1,368	1,499	+131	+9.6	49	103	+54	+108.8
(The Impact of increased customer-received materials for stamping)	(△51)	* (△295)	(△244)					
Operating Income Ratio					3.6%	6.9%	+3.3P	
Valves	542	571	+29	+5.4	42	41	△1	△3.3
Operating Income Ratio					7.9%	7.2%	△0.7P	

*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.

1-5 Consolidated Results by Region

Sales and profits are expected to increase in real terms in Japan, Europe and the America. In Asia, sales at the same level as the previous year and profit decline.

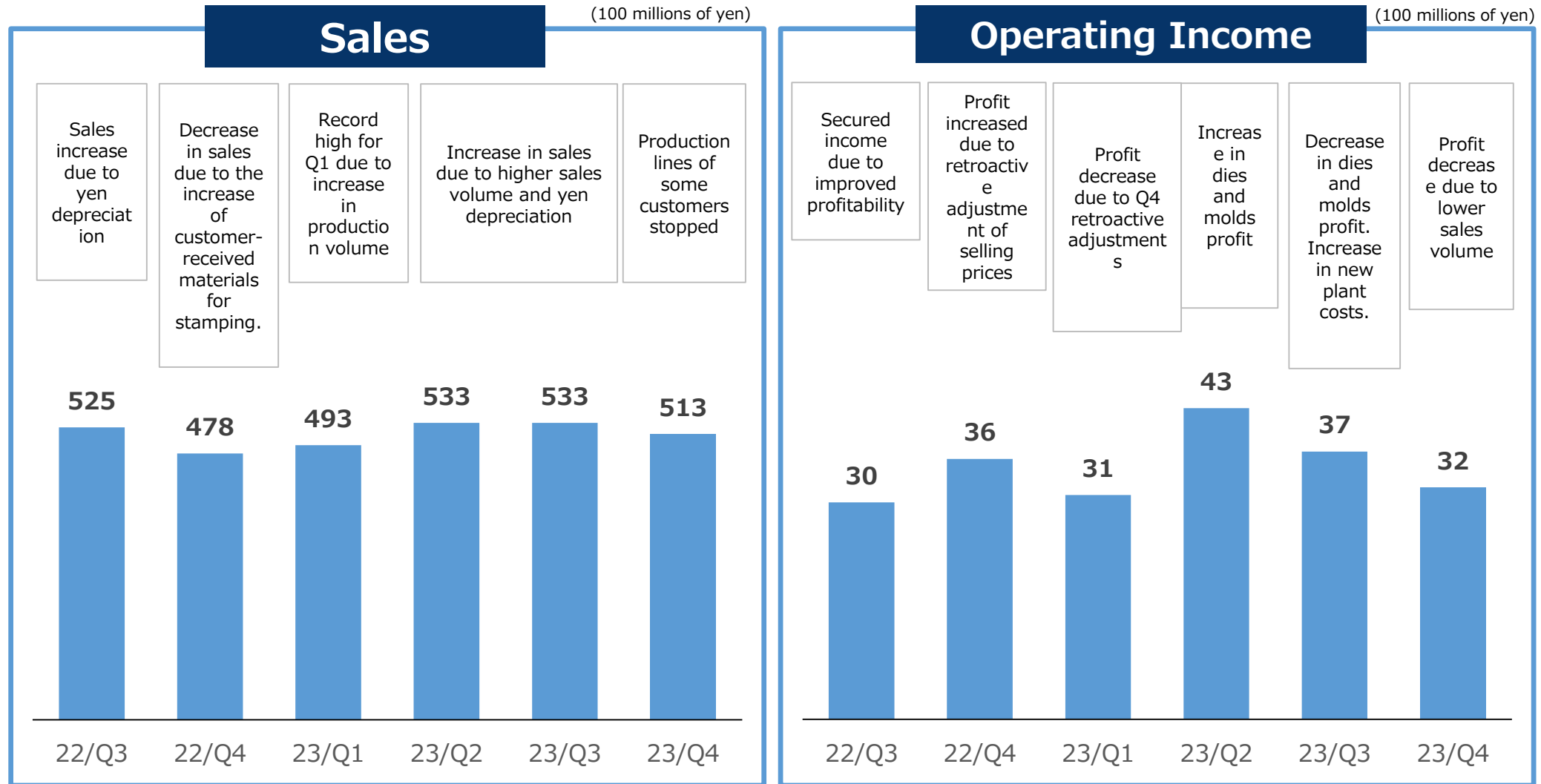
(100 millions of yen, %)

	Sales				Operating Income			
	FY2022 Result	FY2023 Result	Gain&Loss	YoY Rate %Change	FY2022 Result	FY2023 Result	Gain&Loss	YoY Rate %Change
Japan	706	679	△27	△3.8	49	62	+12	+25.3
(The Impact of increased customer-received materials for stamping)	(△51)	* (△295)	(△244)					
Operating Income Ratio					7.1%	9.2%	+2.1P	
Europe & America	781	969	+188	+24.2	△1	43	+44	-
Operating Income Ratio					△0.2%	4.4%	+4.6P	
Asia	425	424	△0	△0.2	36	26	△9	△26.9
Operating Income Ratio					8.7%	6.4%	△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.

1-6 Consolidated Quarterly Results

Profit declined from Q3 due to increased preparation costs for the start of new plant operations and amortization burden etc.



1. FY2023 Financial Performance
- 2. Consolidated Forecast FY2024**
3. The Progress of Mid-term
Business Plan “NEXUS-26”

2-1 Full Year Forecast FY2024

Expect income decrease due to lower sales volume and higher labor cost, expenses etc.

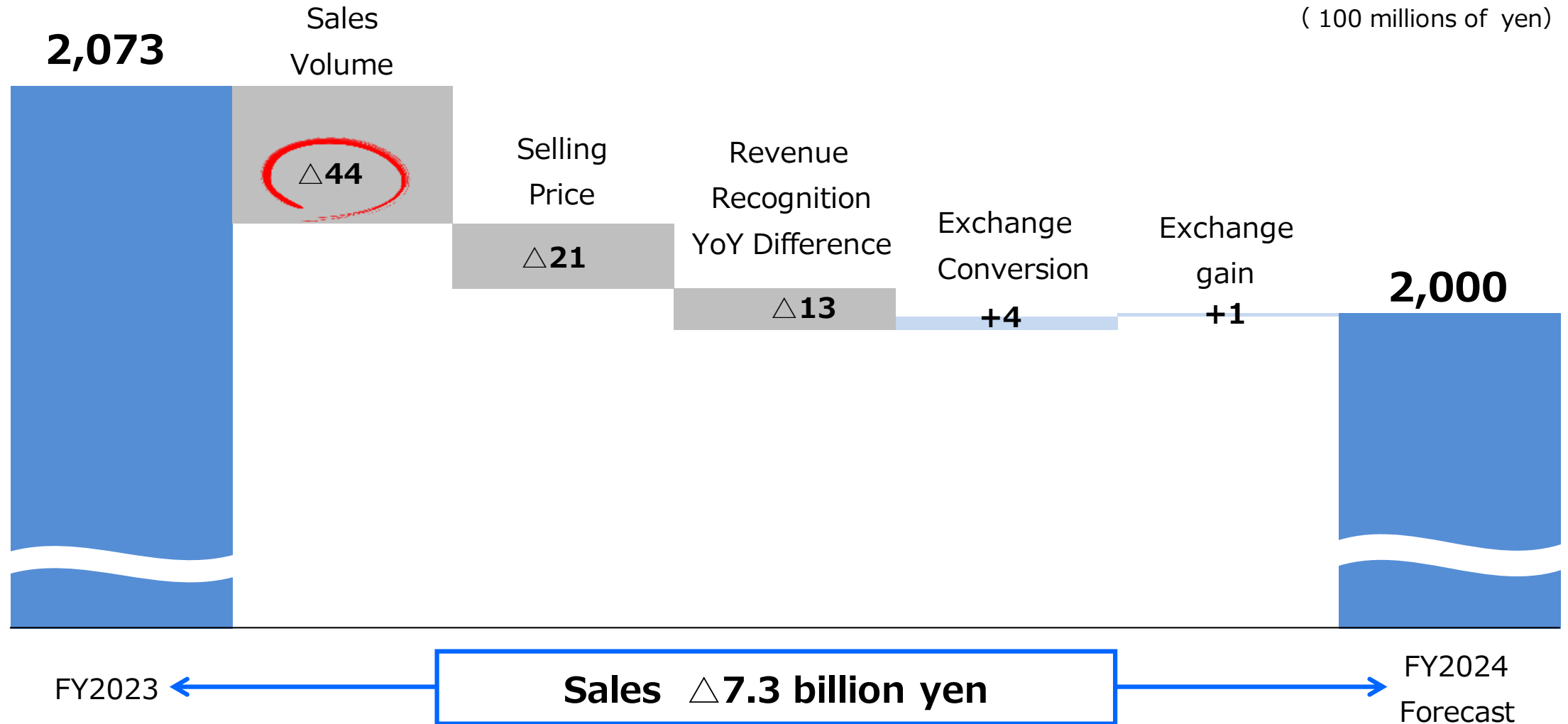
(100 millions of yen, %)

	FY2023		FY2024		YonY rate			
	Q2 Cumulative Results	Full Year Results	Q2 Cumulative Forecast	Full Year Forecast	Q2 Cumulative		Full Year	
					Gain&Loss	%Change	Gain&Loss	%Change
Sales	1,026	2,073	980	2,000	△46	△4.5%	△73	△3.5%
Operating Income	74	144	45	110	△29	△40.0%	△34	△23.9%
Operating Income Ratio	7.3%	7.0%	4.6%	5.5%	△2.7P	—	△1.5P	—
Ordinary Income	103	188	55	130	△48	△46.8%	△58	△31.0%
Ordinary Income Ratio	10.1%	9.1%	5.6%	6.5%	△4.5P	—	△2.6P	—
Current Net Income *	75	169	45	100	△30	△40.2%	△69	△41.1%
R O E	—	11.2%	—	6.0%	—	—	△5.2P	—
R O A (Operating income basis)	—	5.3%	—	3.7%	—	—	△1.6P	—
Net Assets per Share	—	¥2,840	—	¥2,895	—	—	+55円	1.9%
Average exchange rate (US dollars)	¥139.9	¥144.2	¥145.0	¥145.0	¥5.1	—	¥0.8	—

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

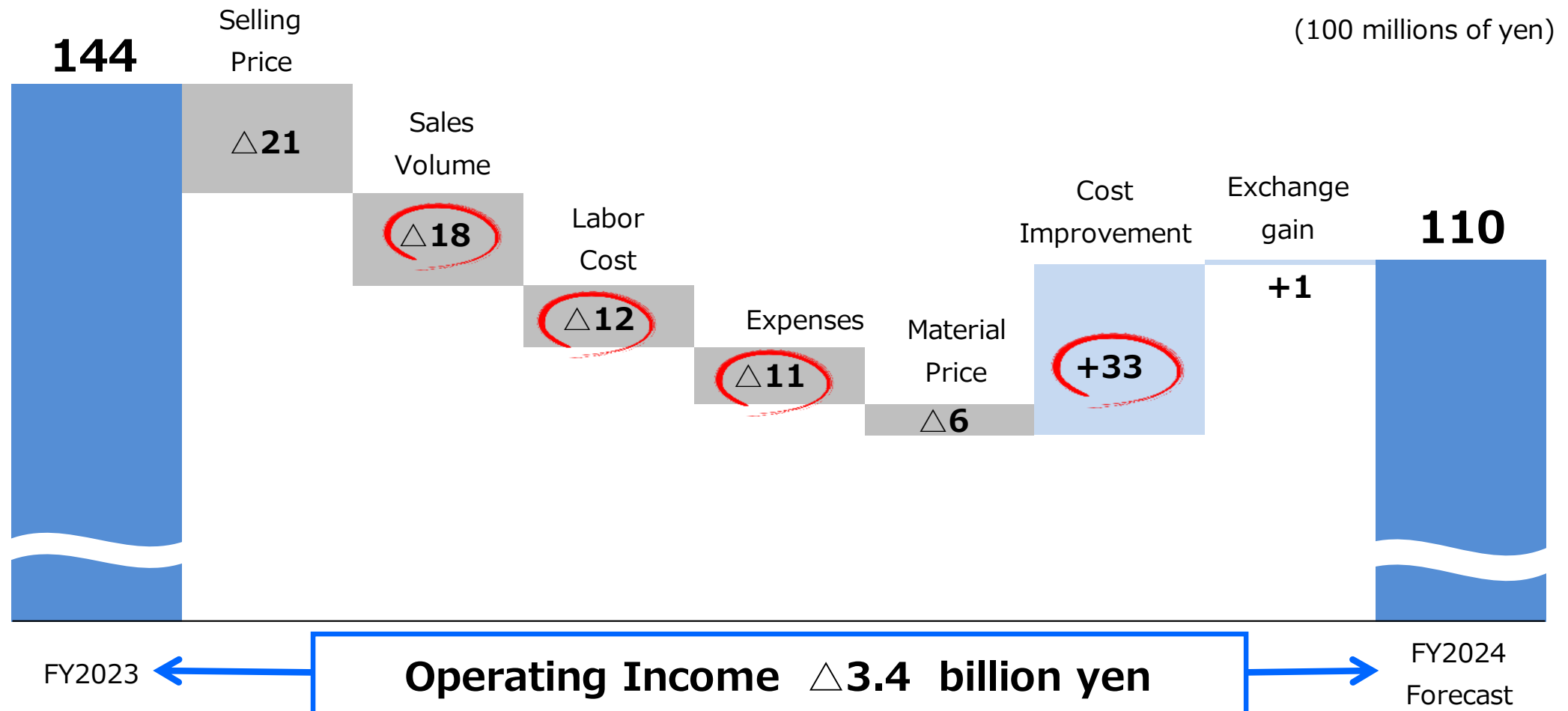
2-2 Analysis of FY2024 Forecasts: Sales

Sales decreased due to lower sales volume



2-3 Analysis of FY2023 Forecasts : Operating Income

Cost improvement efforts to recover from decrease in sales volume and cost increase



2-4 Forecast by Business Segments

Sales and income in stamping and plastic molding business are expected to decrease, while valve business is expected to remain flat YoY .

(100 million yen,%)

	Sales				Operating Income			
	FY2023 Result	FY2024 Forecast	Gain&Loss	YoY Rate %Change	FY2023 Result	FY2024 Forecast	Gain&Loss	YoY Rate %Change
Stamping & Plastic Molding	1,499	1,430	△69	△4.6	103	70	△33	△32.7
Operating Income Ratio					6.9%	4.9%	△2.0P	
Valves	571	565	△6	△1.1	41	40	△1	△2.9
Operating Income Ratio					7.2%	7.1%	△0.1P	

2-5 Forecast by Region

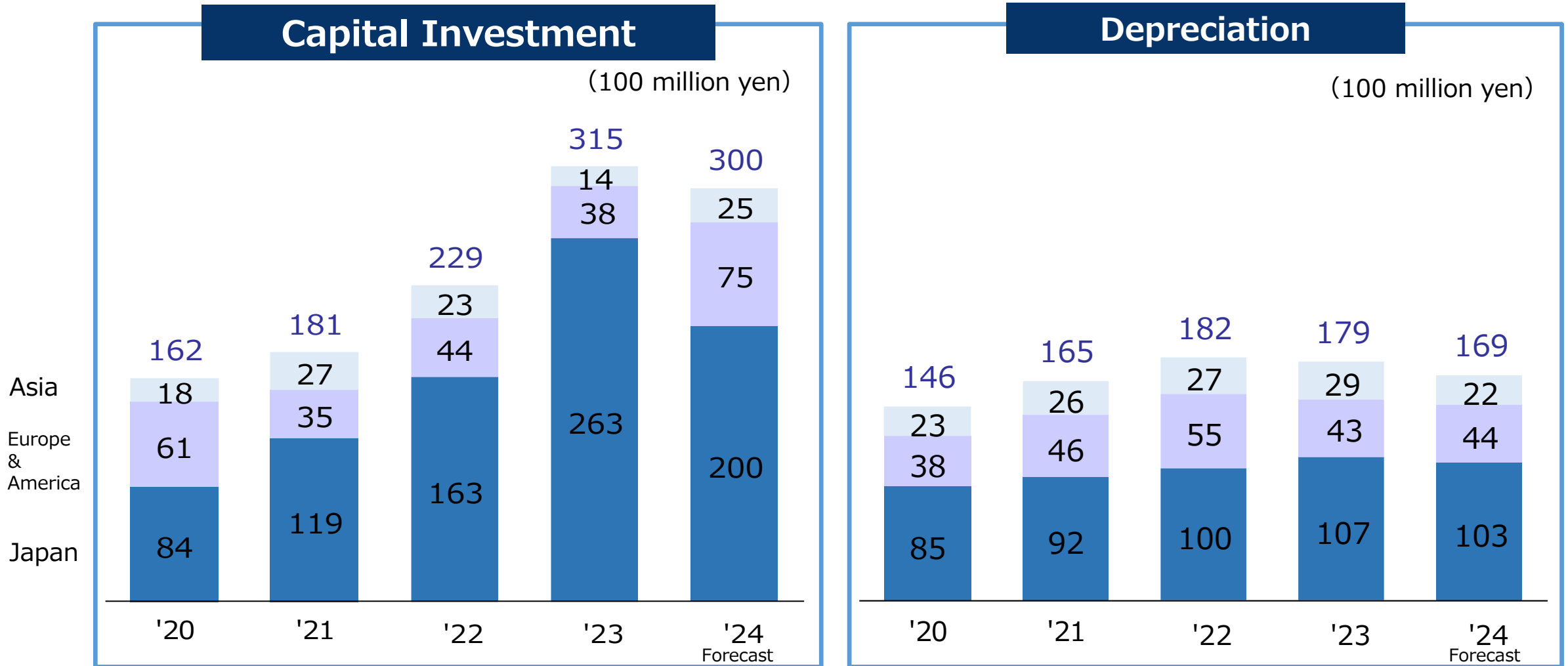
Expect higher sales and lower income in Japan, lower sales and income in Europe and the America, and lower sales in Asia

(100 million yen,%)

	Sales				Operating Income			
	FY2023 Result	FY2024 Forecast	Gain&Loss	YoY Rate %Change	FY2023 Result	FY2024 Forecast	Gain&Loss	YoY Rate %Change
Japan	679	730	+50	+7.5	62	43	△19	△31.2
Operating Income Ratio					9.2%	5.9%	△3.3P	
Europe & America	969	905	△64	△6.7	43	32	△11	△25.8
Operating Income Ratio					4.4%	3.5%	△0.9P	
Asia	424	365	△59	△14.0	26	28	+1	+3.9
Operating Income Ratio					6.4%	7.7%	+1.3P	

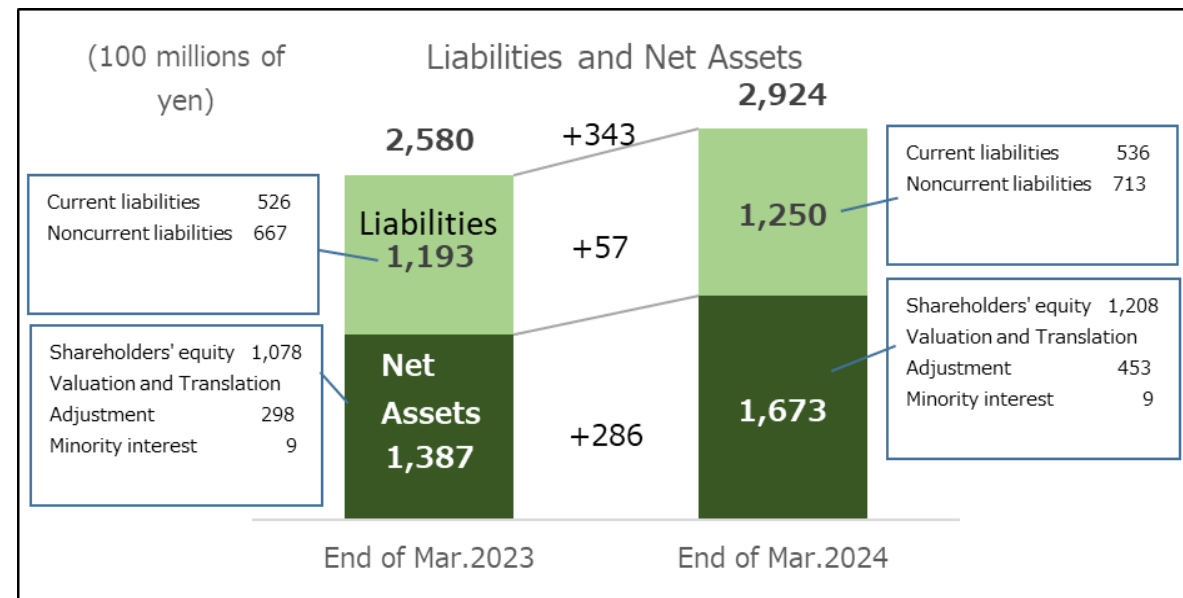
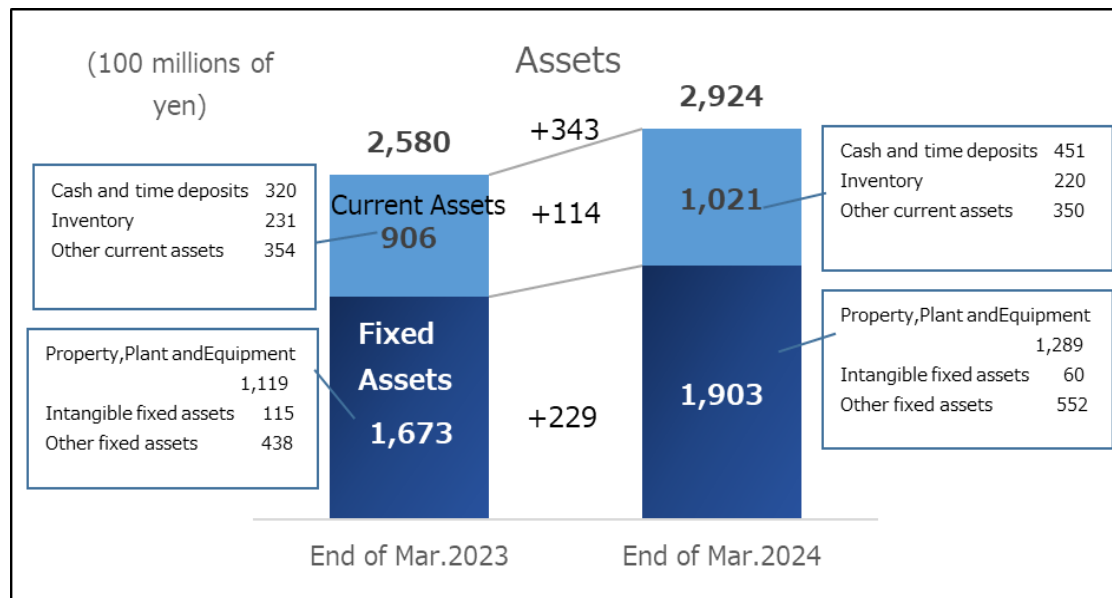
2-6 Capital Investments and Depreciation

Investing for future growth



2-7 Consolidated Balance Sheet

Fixed assets increased due to investments such as the new stamping plant and market valuation of cross-share holdings. Cross-share holdings will be sold off gradually, with a target of 20% or less of net assets.



< Main increase/decrease details >

Assets

- Property, plant and equipment +170 (Investment in plants, etc.)
- Intangible fixed assets △54 (Impairment of goodwill, etc.)
- Other fixed assets +113 (Market value evaluation of held stocks)

Liabilities

- Interest-bearing liabilities +7
- Deferred tax liabilities +27

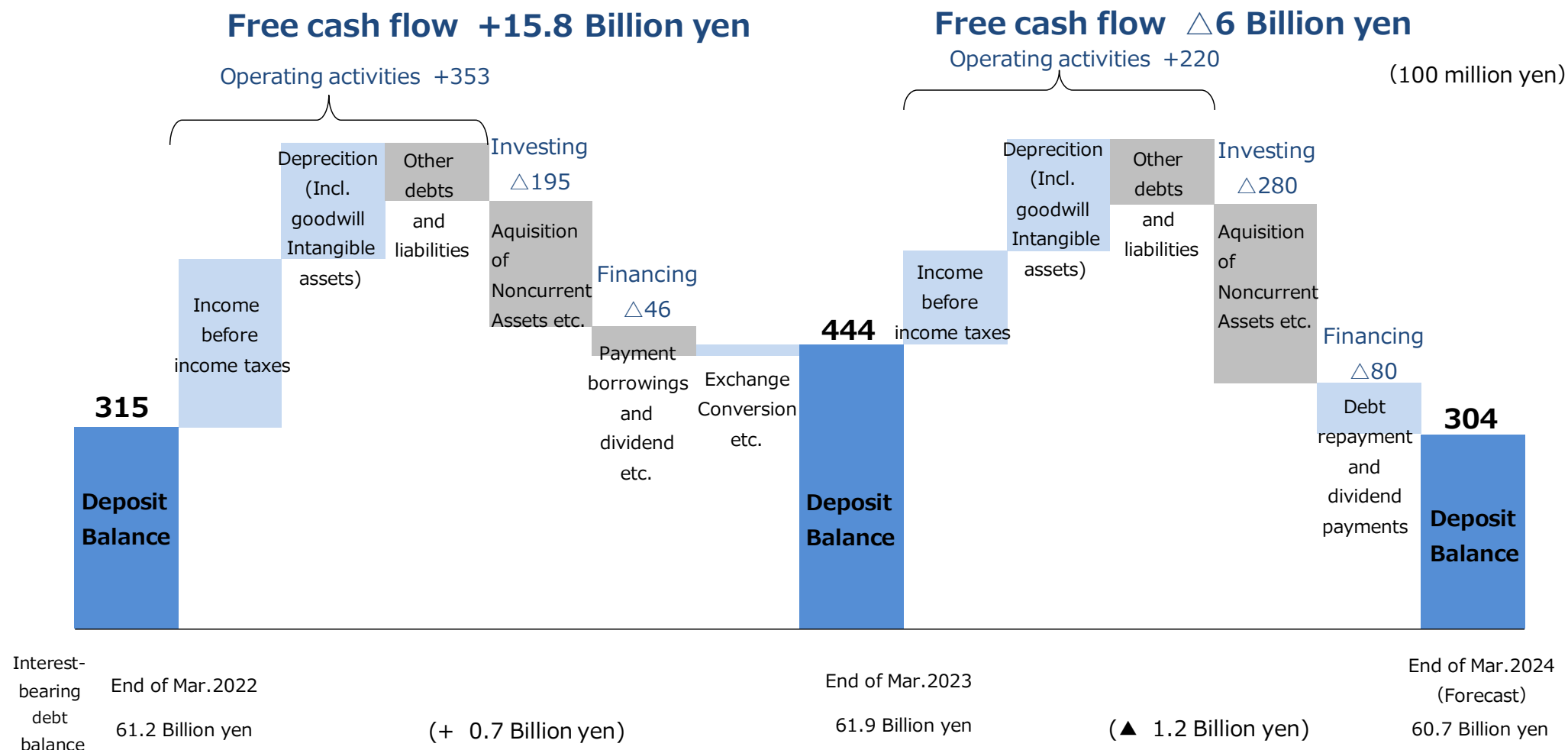
Net Assets

- Net income +169
- Payment of dividend of surplus/Share buyback △39
- Other comprehensive income +155

Selling 15.8 billion yen of cross-shareholdings in FY2023

2-8 Consolidated Cash Flows

Efficient fund management was implemented by strengthening cash management within the group.

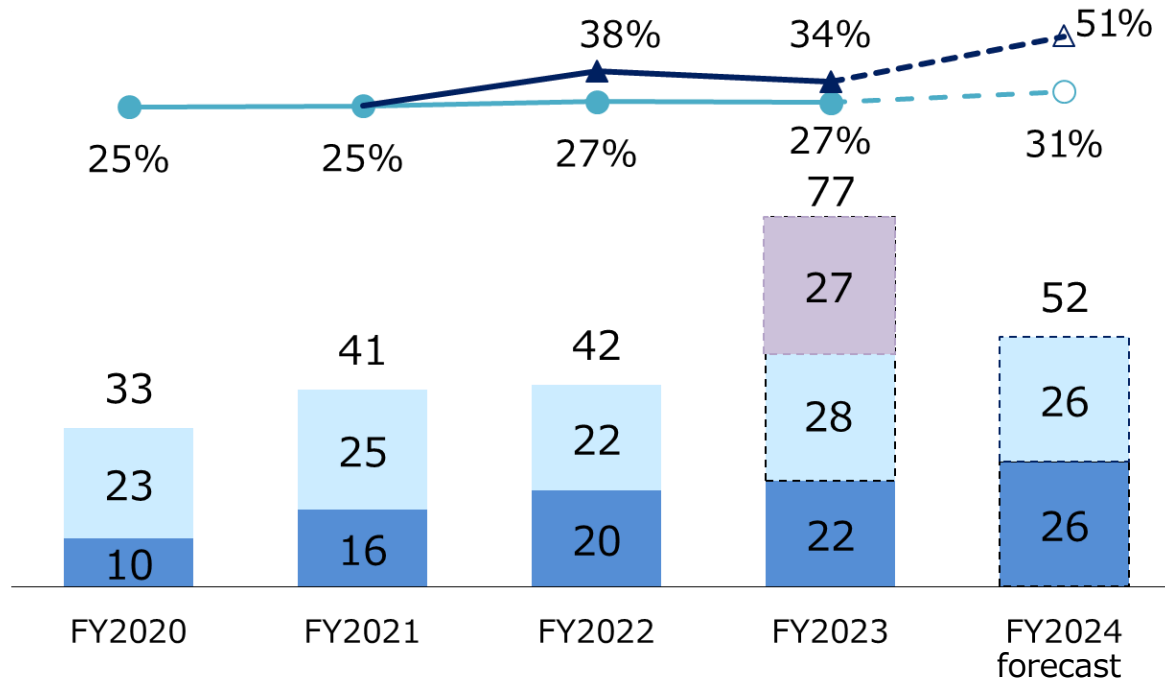


2-9 Shareholder Returns

Shareholder returns through share buybacks in addition to special dividends

<Dividend per share>

■ Interim dividend ■ Year-end dividend ● Consolidated dividend payout ratio ▲ Total return ratio
■ Special dividend



<Share buybacks>

- Purpose :

Improve shareholder returns and capital efficiency, implement flexible capital policy

- Amount : max 2 Billion yen,

- No. of shares : max 1,500,000 shares

- Method : Market purchase

- Period : Apr.26~Sep.30 in 2024

- FYI : 1.2 Billion yen/FY2023

1 Billion yen/FY2022

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3-1 The Progress of Mid-term Business Plan “NEXUS-26”

Promote initiatives to achieve financial and non-financial targets in line with the NEXUS-26 plan

Financial value targets	FY2022 results	FY2023 results	FY2024 forecasts		FY2026 targets
Sales	191.2 billion yen	207.3 billion yen	200 billion yen	➔	210 billion yen
Ratio of operating income to sales	4.9%	7.0%	5.5%		7% or more
ROE	7.0%	11.2%	6.0%		8% or more
Non-financial value targets	FY2022 results	FY2023 results			FY2026 targets
Sales ratio for electrified vehicles	29.1%	34.1%		➔	50%
No. of new products and services launched	1 cases	7 cases			15 cases from FY2023
Employee engagement	-	First survey implementation 48.2% Positive assessment rate			60% Positive assessment rate
CO2 emissions (Scope 1 and 2, group, compared to FY2019)	18.4% reduction	20.0% reduction Provisional figure			30% reduction

Development, sales expansion, and order acquisition are progressing as planned, and the production system is being established.

Stamping business strategy :

- Develop and expand sales of electrified vehicle components for the decarbonized era
- Increase orders by strengthening relationships of trust with major customers

Stamping Sales Target

FY2022 129 **FY2026** 155 billion yen

CAGR 4.7%

(Before the change in revenue recognition standards)

FY2023
results

Key
measure

Received orders for BEV battery-related parts and started up a new plant

- Development of new products for BEVs utilizing ultra-high strength steel stamping technology
- Improvement of profitability due to the effect of the new plant and the establishment of a new tooling plant
- Improvement of order unit price per vehicle by expanding sales of existing body shell parts

Plastic Molding business strategy :

Promote development of new products for BEVs and expand sales to new customers

Plastic Molding Sales Target

FY2022 18 **FY2026** 25 billion yen

CAGR 8.6%

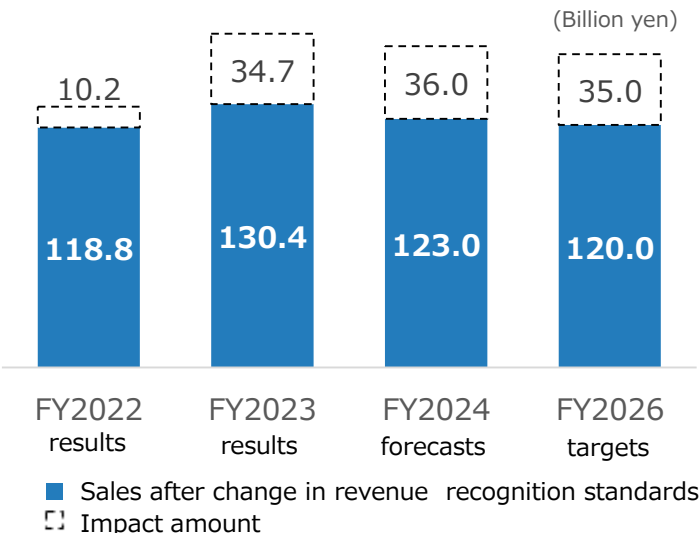
FY2023
results

Key
measure

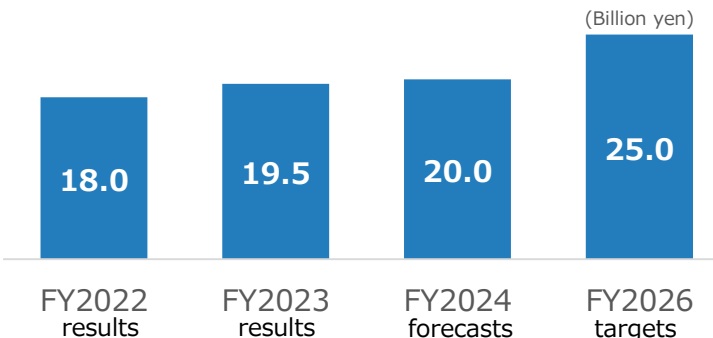
Received orders for soundproof covers and decorative wheel parts for BEVs

- Continue to expand sales to new mega Tier 1 and global customers
- Increase production capacity to meet demand based on BEV trends

Sales of Stamping business



Sales of Plastic molding business



3-3 The Progress : Valve business

Development and sales expansion underway through collaboration among global bases; new parts orders received

Growth strategy :

- Develop and expand sales of products for electrified vehicles
- Develop new customers for existing products and strengthen revenue base

Valves Sales Target

FY2022 54.2 **FY2026** 63 billion yen
CAGR 3.8%

FY2023
results

Key
measure

Received new orders for electronic expansion valves

- Sales expansion to mega tier1 supplier
- Establish production system and promote investment while monitoring demand
- Secure sales and maintain profitability by expanding sales to new TPMS customers

Sales of valve business (Billion yen)

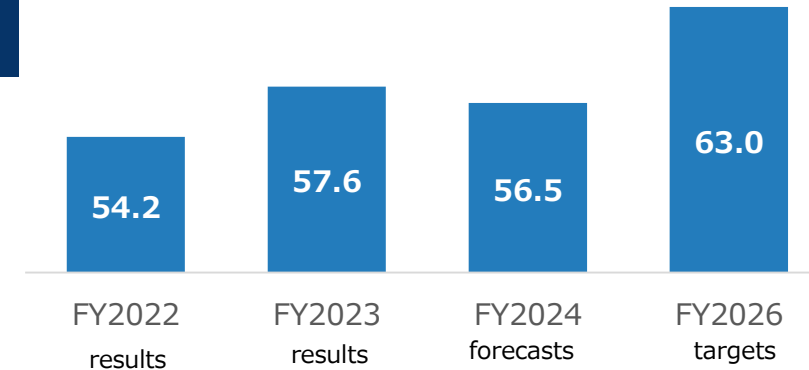


Image of completed plant

New plant built in anticipation of market expansion

- Location : On the premises of Kita Ogaki Plant
Godo-cho, Anpachi-gun, Gifu pref.
- Products : Various valve products for electrified vehicles, etc.
- Total floor area : 14,900 m² approx.
- Amount invested : 4.5billion yen approx.
- Operation start : Mar. 2025



Electric expansion valves

3-4 The progress : New business

Continuing to take on the challenge of creating new business pillars

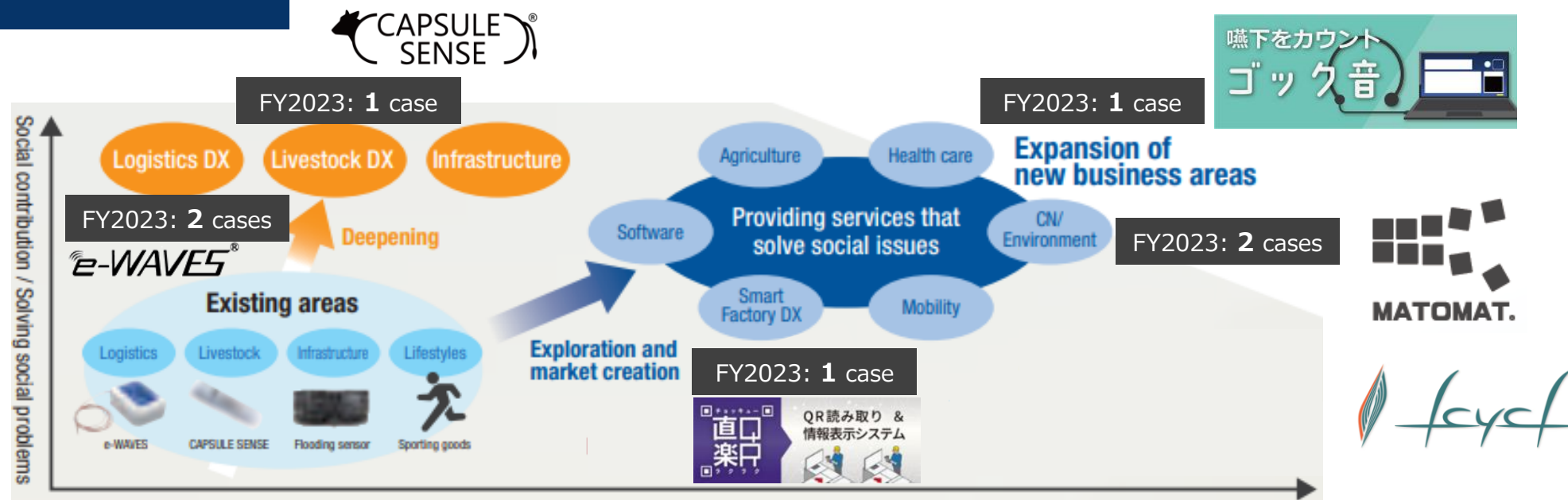
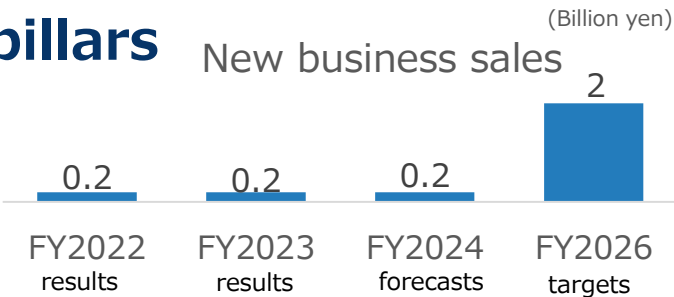
Growth strategy : Develop IoT products and systems that contribute to solving social issues

No. of new products and services launched

FY2026
15 cases

FY2030
35 cases

- FY2023 results**
- 7 new products released, e-WAVES variations developed
- Key measure**
- Effective sales expansion activities tailored to product characteristics, such as web marketing
 - Continuing to launch new products through in-house resource development and open innovation



3-5 The progress : New business

Contribute to customers' DX promotion and problem solving by combining products and IoT technology

Logistics DX

Smart Factory DX

Variation development

e-WAVES[®]



- Expanding Product Lineup from entry, standard to high-end models
- Expanding adoption by pharmaceutical manufacturers, food manufacturers, supermarkets, etc.

Propose a set of transportation containers and expand cooperation.

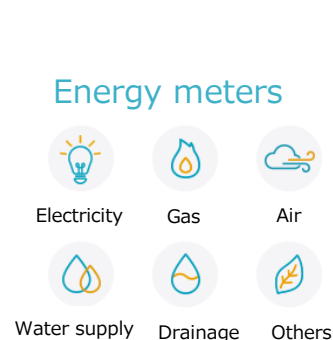


New product

エネグラフ

System Overview

Collects electricity, gas, air, water, and other usage data to support real-time visualization and analysis



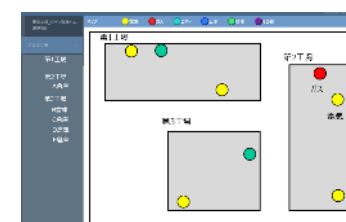
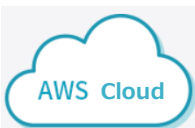
Easy connection to various meters



Edge device

Collect usage data from production equipment

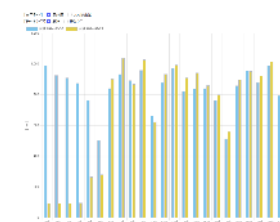
Real-time visualization by importing data



Plant map



Graphing the transition



CO2 conversion

Sales begin in May 2024

CO2 emissions can also be monitored, contributing to environmental load reduction activities.

3-6 The progress : New business

Challenging to expand our business areas with a focus on businesses that are linked to solving social issues

New business creation projects through in-house recruiting

OMEGA PROJECT

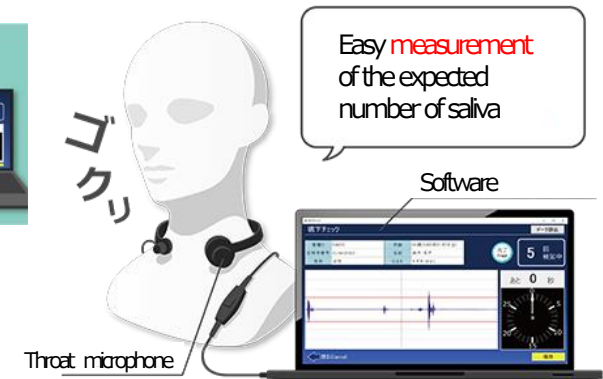
FY2023

2 ideas that passed the screening process out of 94 applications are now under consideration for commercialization.

FY2024

Continuing to solicit ideas

Open call for ideas with the participation of all

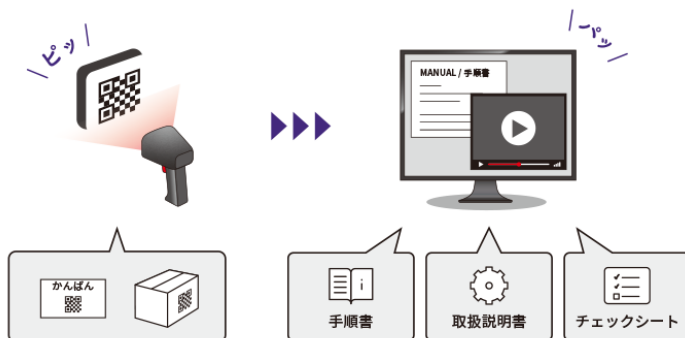


- Easily measure the number of saliva swallows
- Easily check oral frailty

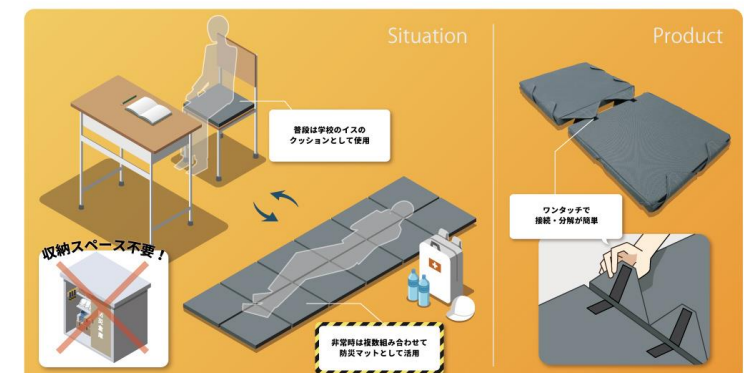
- Upcycling and utilization of waste materials generated in the manufacturing process of automotive parts

「ピッ」と読んで、「パッ」と表示

かんばんや製品等QRを読み取り、紐づけたファイルを画面に表示

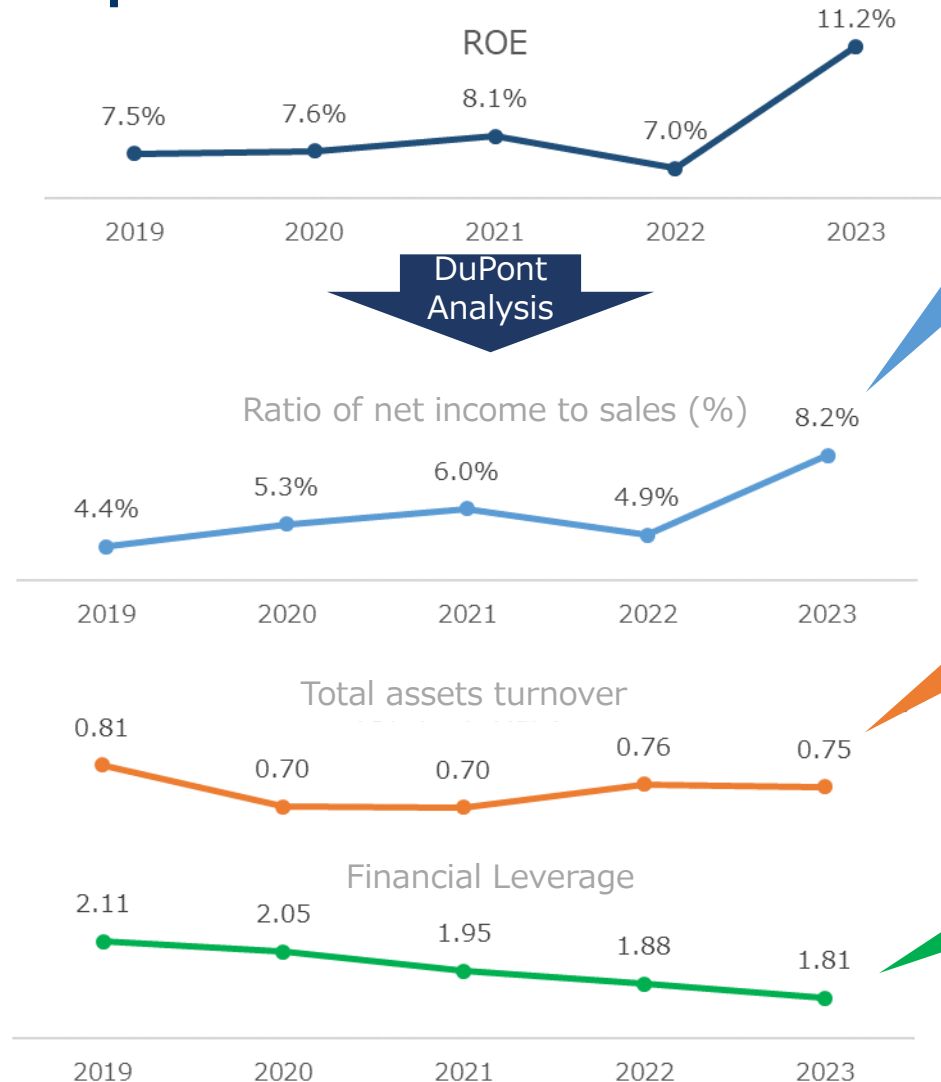


- Easily and inexpensively achieve paperless operation, improved quality, and increased operational efficiency



3-7 Initiatives to improve capital efficiency

Aim to achieve ROE of 8% or more in FY2026 and 10% or more in 2030 and improve PBR.



<Strengthening profit structure>

- Promoting continuous cost improvement
- Improve efficiency of production and administrative operation through the use of digital tools
- Maximize performance by investing in human capital

<Improving investment efficiency >

- Investment turnover through sales expansion
- Verify investment efficiency based on 7% cost of capital when making decisions on new investment

<Balance sheet management>

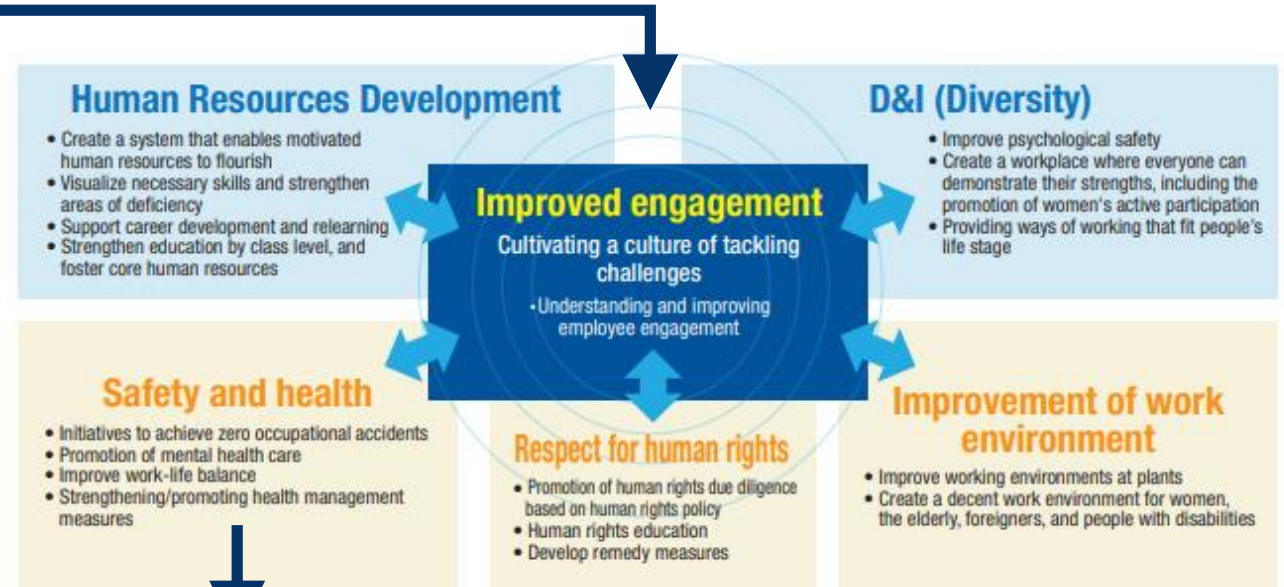
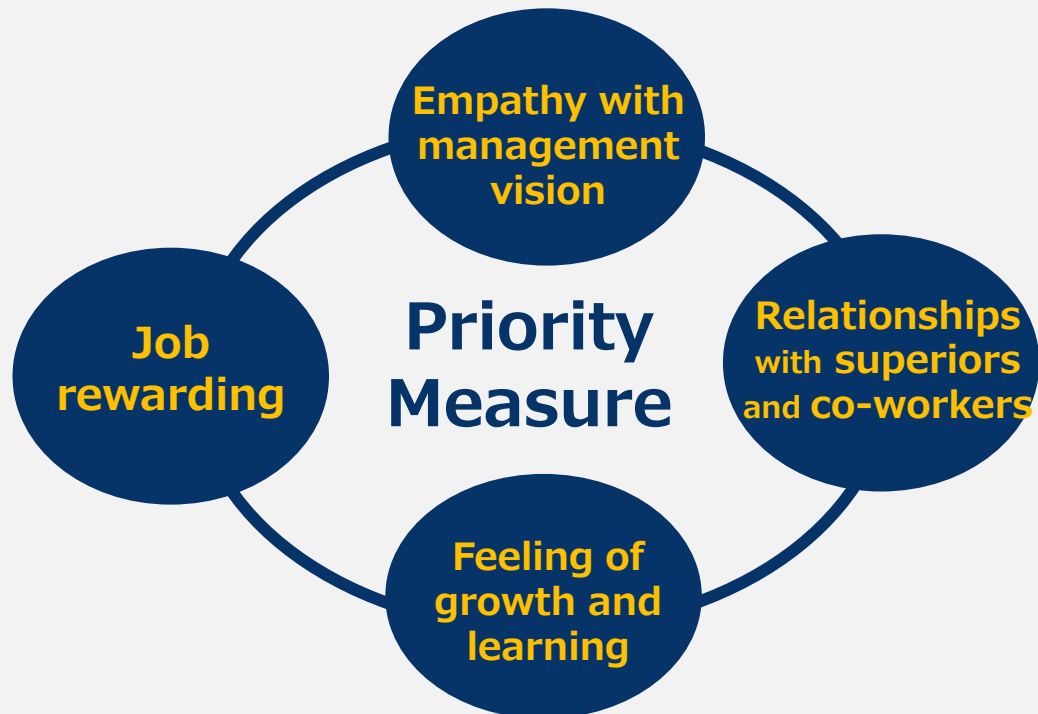
- Reduction of low-profit assets
- Promotion of sale of cross-shareholdings
- Flexible acquisition of treasury stock

3-8 Sustainability : The progress of HR strategy

Identified 4 priority measures based on employee engagement survey and promoting them

Employee engagement survey already conducted in FY2023, management goals set

	FY2023 results	FY2026 forecasts	FY2030 targets
Positive assessment rate	48.2%	60%	70%



we were certified as an
Excellent Health Management Corporation 2024
(Large Corporation Category) for the 3rd year in a row

Initiatives

Strengthening Health Education
Promotion of mental health counseling
Support for returning employees
Health Care for Expatriates



3-9 Sustainability : CO2 Reduction initiatives

Promoting the initiatives of CO2 emission reduction and enhanced information disclosure

Actively introduce solar power generation

Expanded at Higashi Ogaki Plant

- Power generation capacity 3,200MWh/year approx.
- CO2 Reduction Effects 1,470t/year approx.



Introducing energy-saving and highly efficient equipment

- Introduction of high-efficiency air conditioning
- Replacement of hydraulic power with electric power
- Improvement of efficiency by automation equipment, etc.
- Promote energy conservation



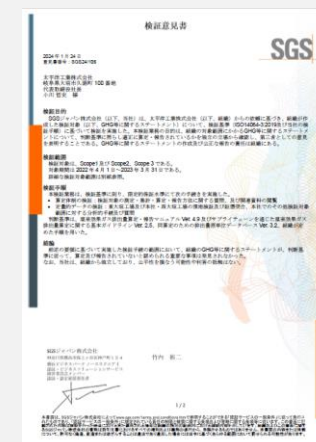
Achieved high rating in CDP

- Leadership level A- for climate change, for the 4th year in a row,
- Highest rating in the Supplier Engagement Assessment
- Selected "Supplier Engagement Leader"



Introduction of third-party verification of CO2 emissions

- CO2 emissions (Scope 1 and 2)
- Third-party verification to be implemented from FY2022
- Continued implementation planned for the future



3-10 Sustainability : Fostering Trust with Stakeholders

Ongoing efforts to foster trust with local communities and other stakeholders

Donated MATOMAT disaster relief mats to Nanao City, Ishikawa Prefecture, and others

Donated approximately 6,000 disaster relief mats to 30 elementary and junior high schools in municipalities affected by the 2024 Noto Peninsula earthquake, it worth approx.10 million yen.



Tire Pressure Awareness Campaign

Tire Pressure Awareness Campaign at Shopping Malls

Promoting understanding of the importance of tire pressure management



Promotion of local sports

Active support for local sports such as :

- Men's and women's soft tennis clubs in the top league
- Ogaki Minamo Softball Club, which operates with the local community
- FC Gifu and Toyota Verblitz.



Supporting children of the next generation

- Continued support for citizens' groups working to create a place for children
- Foster the next generation of human resources by hosting plant tours for local elementary and junior high school students, high school students, and university students.





思いをこめて、あしたをつくる

Passion in Creating Tomorrow