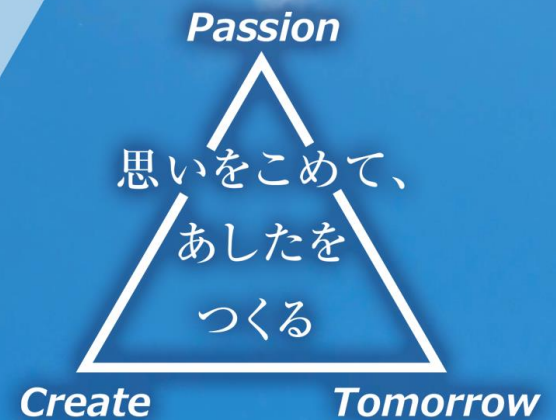


# Financial Results Briefing for FY2024 Q2

The 101st period : Apr. 1st, 2024- Sep. 30th, 2024

Nov. 1, 2024

**PACIFIC INDUSTRIAL CO., LTD.**



- 1 . FY2024 1<sup>st</sup> half Financial Performance**
- 2 . Full Year Forecast FY2024**
- 3 . Progress on the “NEXUS-26” of the Mid-Term Business Plan**

### 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 Consolidated Financial Summary

Due to a decrease in sales volume, both sales and operating income decreased.

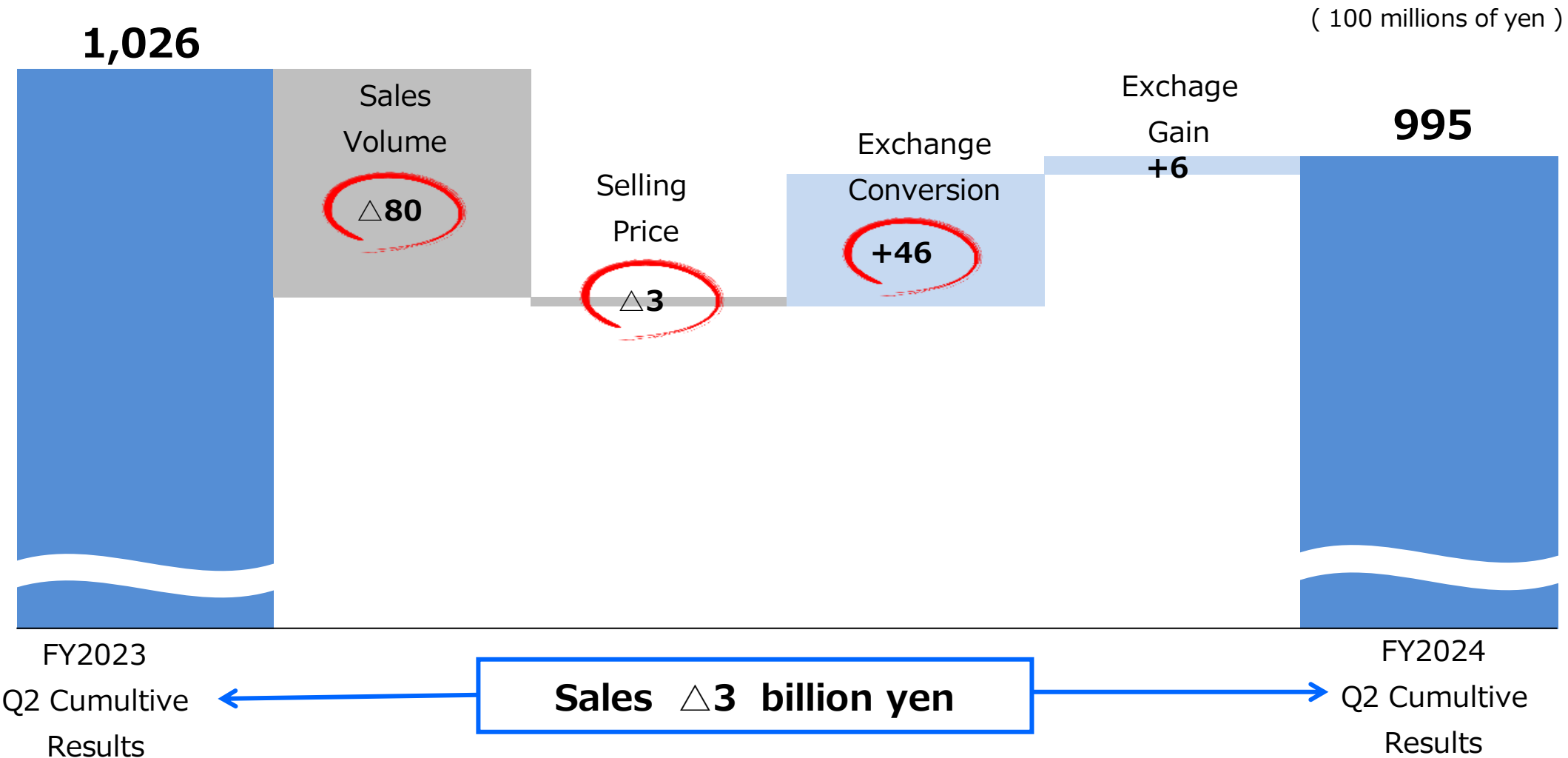
(100 millions of yen, %)

	FY2023 23/ 2 Q Cumulative Result	FY2024		YoY rate		Diff. from Forecast	
		24/ 2 Q Cumulative Forecast on 25Jul.	24/ 2 Q Cumulative Result	Gain&Loss	% Change	Gain&Loss	% Change
Sales	1,026	990	995	△30	△3.0	+5	+0.6
Operating Income	74	50	49	△25	△34.6	△0	△2.0
Operating Income Ratio	7.3%	5.1%	4.9%	△2.4P	–	△0.2P	–
Ordinary Income	103	70	64	△38	△37.3	△5	△7.4
Ordinary Income Ratio	10.1%	7.1%	6.5%	△3.6P	–	△0.6P	–
Net income attributable to owners parent	75	55	53	△22	△29.3	△1	△3.1
Quarterly Net Income margin	7.3%	5.6%	5.4%	△1.9P	–	△0.2P	–
Average exchange rate (USDJPY)	139.9	152.3	153.9	14	–	1.6	–

# 1-2 Analysis of Consolidated Results : Sales



Sales decreased due to a decline in sales volume.

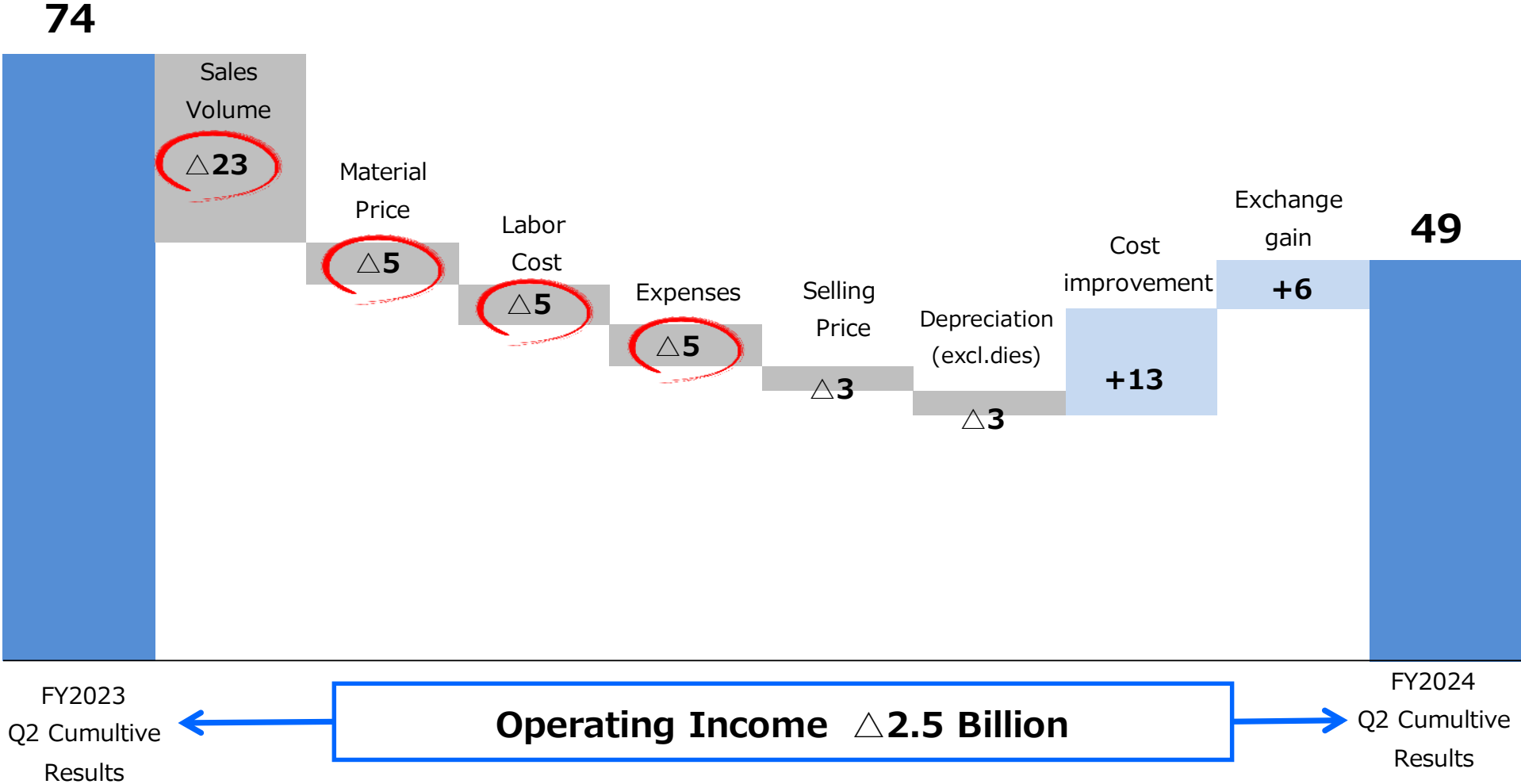


# 1-3 Analysis of Consolidated Results : Operating Income



Profit decreased due to a decline in sales volume, rising material costs, and increased labor cost and expenses.

(100 millions of yen)



# 1-4 Consolidated Results by Business Segments

Stamping and plastic molding business decreased in both sales and income.  
For valves, sales remained flat YonY, with an increase in profits.

( 100 millions of yen, %)

	Sales				Operating Income			
	FY2023	FY2024	YonY		FY2023	FY2024	YonY	
	Q2 Cumulative Results	Q2 Cumulative Results	Gain&Loss	%Change	Q2 Cumulative Results	Q2 Cumulative Results	Gain&Loss	%Change
<b>Stamping &amp; Plastic Molding</b> <sup>*1</sup>	741	<b>711</b>	△29	△4.0	55	<b>22</b>	△32	△58.8
Operating Income Ratio					7.5%	<b>3.2%</b>	△4.3P	
<b>Valves</b> <sup>*2</sup>	284	<b>283</b>	△0	△0.3	19	<b>26</b>	+7	+36.0
Operating Income Ratio					6.9%	<b>9.4%</b>	+2.5P	

## <Analysis>

\*1 Sales decreased due to a decline in volume, and profits decreased due to the decline in volume and increased depreciation expenses.

\*2 Despite the decrease in volume, sales remained flat YonY due to yen depreciation, with profits increasing due to reduced depreciation expenses.

# 1-5 Consolidated Results by Region

Sales and income down in Japan, sales and income up in Europe and the U.S of America, sales and income down in Asia.

( 100 millions of yen, %)

	Sales				Operating Income			
	FY2023	FY2024	YonY		FY2023	FY2024	YonY	
	Q2 Cumulative Results	Q2 Cumulative Results	Gain&Loss	%Change	Q2 Cumulative Results	Q2 Cumulative Results	Gain&Loss	%Change
<b>Japan *1</b>	341	<b>333</b>	△8	△2.6	38	<b>20</b>	△17	△46.5
Operating Income Ratio					11.2%	<b>6.2%</b>	△5.0P	
<b>Europe&amp;America *2</b>	473	<b>488</b>	+15	+3.2	15	<b>16</b>	+1	+6.7
Operating Income Ratio					3.2%	<b>3.3%</b>	+0.1P	
<b>Asia *3</b>	211	<b>173</b>	△37	△17.6	14	<b>9</b>	△4	△30.6
Operating Income Ratio					6.7%	<b>5.6%</b>	△1.1P	

## <Analysis>

\*1 Sales decreased due to a decrease in sales volume, and income decreased due to sales volume down and an increase in depreciation expenses.

\*2 Sales increased due to the weak yen, and income increased due to a decrease in depreciation expenses.

\*3 Sales and income decreased due to a sales volume down.

- 1 . FY2024 1<sup>st</sup> half Financial Performance
- 2 . Full Year Forecast FY2024**
- 3 . Progress on the “NEXUS-26” of the  
Mid-Term Business Plan



# 2-1 Full Year Forecast FY2024

Forecasts have been revised in light of 1<sup>st</sup> half results and changes in the external environment.

( 100 millions of yen, %)

	FY2023	FY2024		YonY		Diff. from Previous Forecast	
	Full Year	Full Year Forecast		Full Year		Full Year	
	Results	Previous on 25th Jul.	Latest	Gain&Loss	%Change	Gain&Loss	%Change
Sales	2,073	2,010	<b>1,970</b>	△103	△5.0%	△40	△2.0%
Operating Income	144	115	<b>110</b>	△34	△23.9%	△5	△4.3%
Operating Income Ratio	7.0%	5.7%	<b>5.6%</b>	△1.4P	—	△0.1P	—
Ordinary Income	188	145	<b>135</b>	△53	△28.3%	△10	△6.9%
Current Net Income <sup>*1</sup>	169	110	<b>105</b>	△64	△38.1%	△5	△4.5%
R O E	11.2%	6.5%	<b>6.4%</b>	△4.8P	—	△0.1P	—
R O A (Operating income basis)	5.3%	3.9%	<b>3.8%</b>	△1.5P	—	△0.1P	—
Net Assets per Share(JPY)	2,840	3,025	<b>2,850</b>	+10	0.4%	△ 175	△5.8%
Average exchange rate (USDJPY)	144.2	151.1	<sup>*2</sup> <b>149.4</b>	+5	—	△ 1.7	—

\*1 Current net income is the current net income attributable to the parent company shareholders.

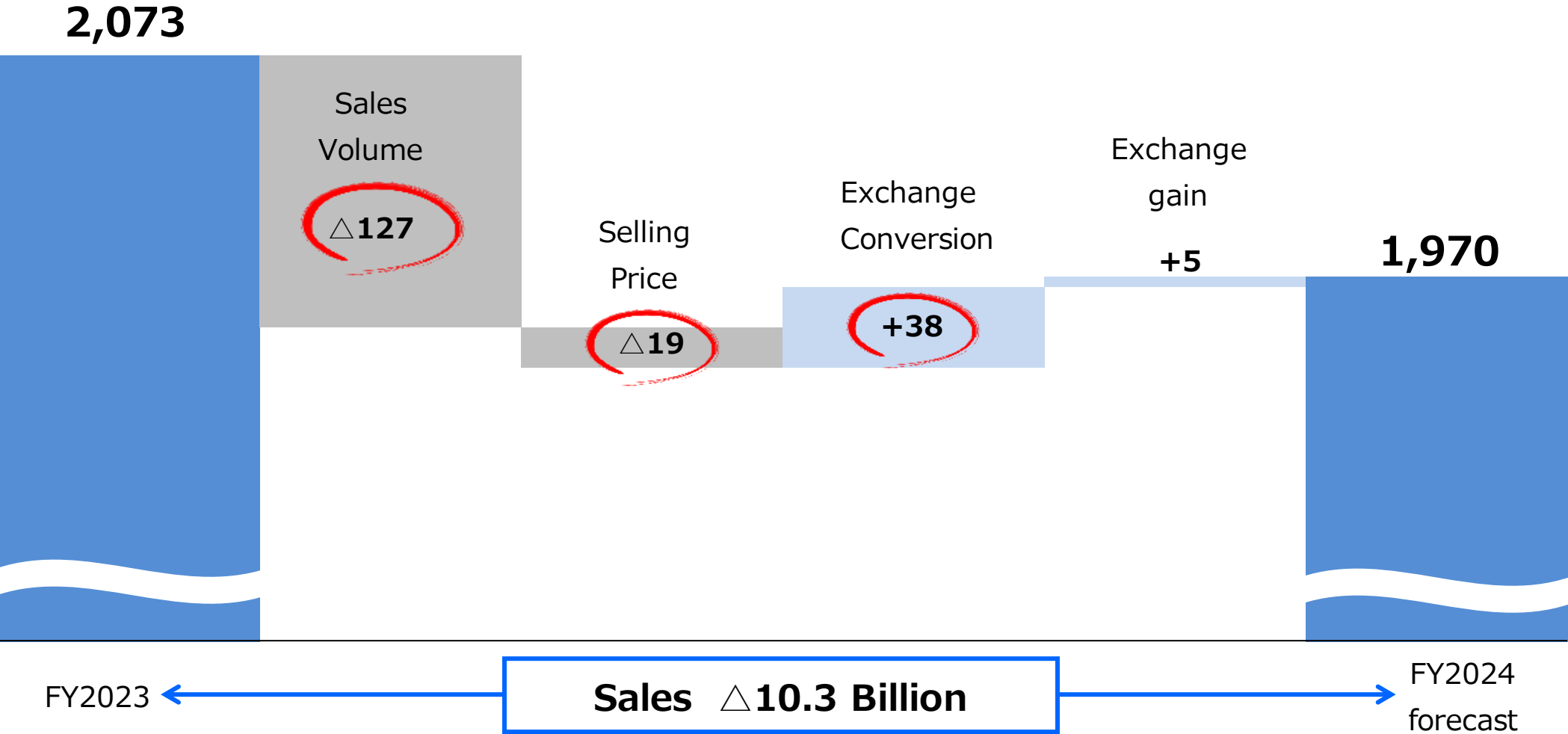
\*2 We have revised the assumed exchange rate from the previously announced 150 yen/USD on July 25th to the current forecast of 145 yen/USD from the third quarter onwards.

# 2-2 Analysis of FY2024 Forecasts: Sales



Decreased in sales due to lower sales volumes.

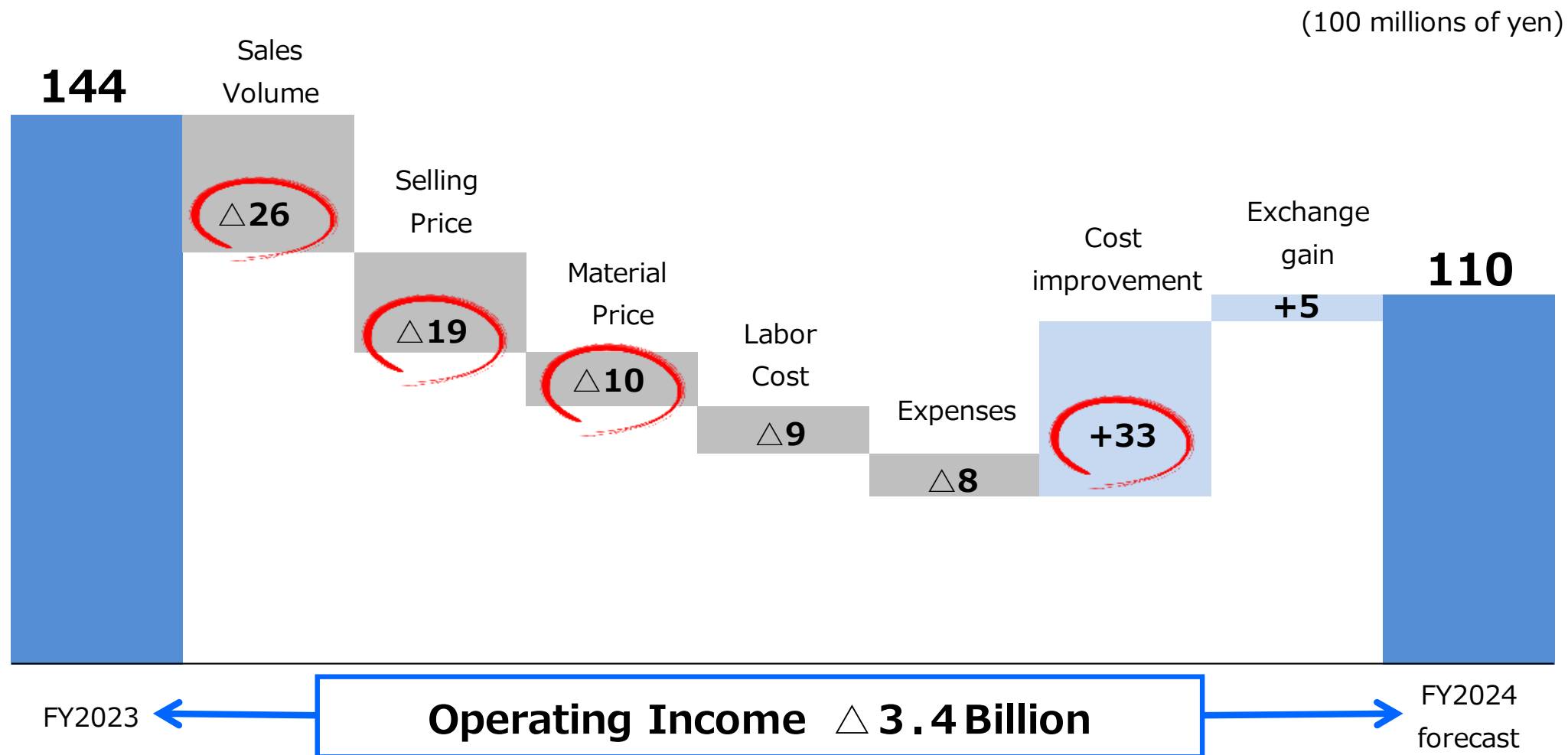
( 100 millions of yen)



# 2-3 Analysis of FY2024 Forecasts : Operating Income



Lower sales volumes, negative impact on pricing and higher costs are recovered through cost improvements.



## 2-4 Consolidated forecasts by Segments

Stamping and plastic molding business expects lower sales and income, while valve business expects sales down and income up.

( 100 millions of yen, %)

	Sales				Operating Income			
	FY2023	FY2024	YonY		FY2023	FY2024	YonY	
	Result	Forecast	Gain&Loss	%Change	Result	Forecast	Gain&Loss	%Change
<b>Stamping &amp; Plastic Molding</b> *1	1,499	<b>1,411</b>	△88	△5.9	103	<b>65</b>	△38	△37.5
Operating Income Ratio					6.9%	<b>4.6%</b>	△2.3P	
<b>Valves</b> *2	571	<b>556</b>	△15	△2.7	41	<b>45</b>	+3	+9.2
Operating Income Ratio					7.2%	<b>8.1%</b>	+0.9P	

### <Analysis>

\*1 Sales decrease due to sales volume down, income decrease due sales volume down and increase in depreciation expenses.

\*2 Sales expects to be down due to sales volume decrease, and income increase due to decrease in depreciation.

## 2-5 Consolidated Forecast by Region

Sales remain flat YoY and income down in Japan. In Europe and the U.S. of America, sales and income down. In Asia, sales down and income expected to be flat YoY.

( 100 millions of yen, %)

	Sales				Operating Income			
	FY2023	FY2024	YoY		FY2023	FY2024	YoY	
	Results	Forecast	Gain&Loss	%Change	Results	Forecast	Gain&Loss	%Change
<b>Japan</b> <sup>*1</sup>	679	<b>670</b>	△9	△1.4	62	<b>42</b>	△20	△32.8
Operating Income Ratio					9.2%	<b>6.3%</b>	△2.9P	
<b>Europe&amp;America</b> <sup>*2</sup>	969	<b>932</b>	△37	△3.9	43	<b>36</b>	△7	△16.5
Operating Income Ratio					4.4%	<b>3.9%</b>	△0.5P	
<b>Asia</b> <sup>*3</sup>	424	<b>368</b>	△56	△13.3	26	<b>25</b>	△1	△7.2
Operating Income Ratio					6.4%	<b>6.8%</b>	+0.4P	

### <Analysis>

- \*1 Sales remain flat YoY but income decrease due to increase in labor cost, expenses and depreciation.
- \*2 Sales decrease due to dies and molds sales down, and income decrease due to sales volume down and higher labor costs.
- \*3 Sales decrease due to lower volume in China, income expected to be flat YoY due to lower volume and depreciation expenses.

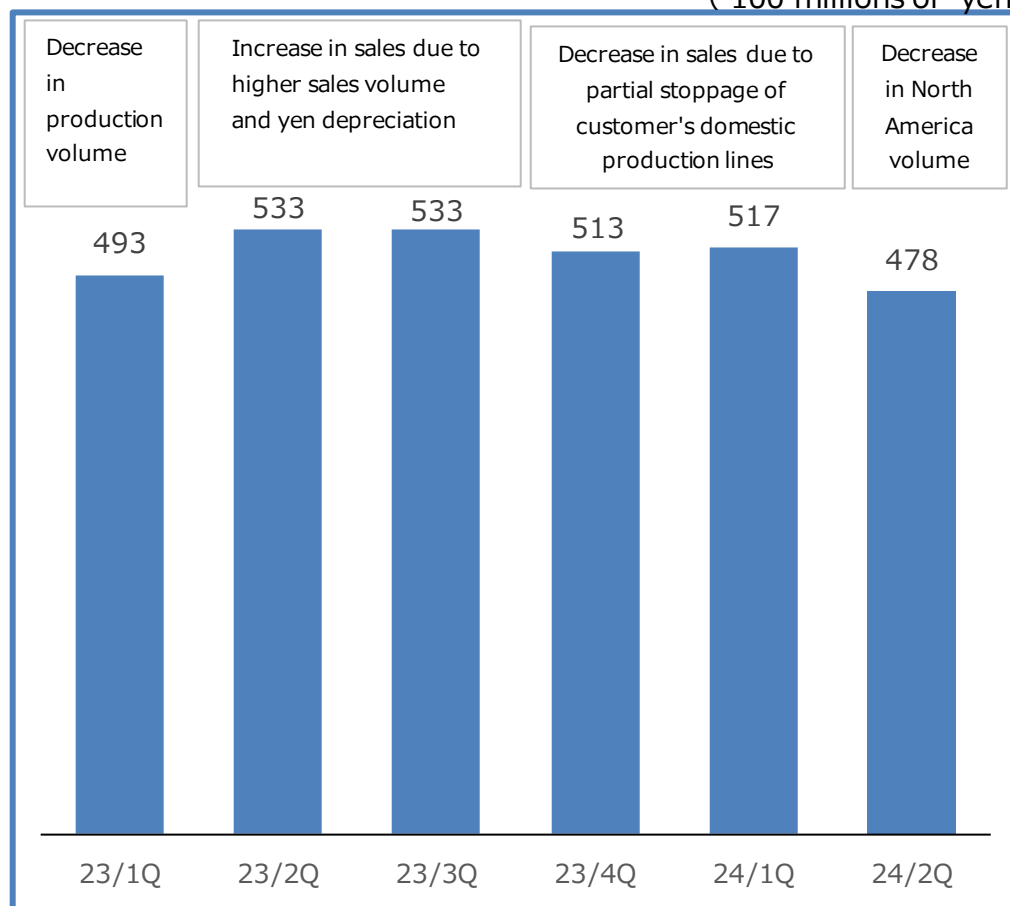
## 2-6 Quarterly Consolidated Financial Results



**Decrease in profits due to partial suspension of customer's vehicle production and a decline in sales of dies and molds.**

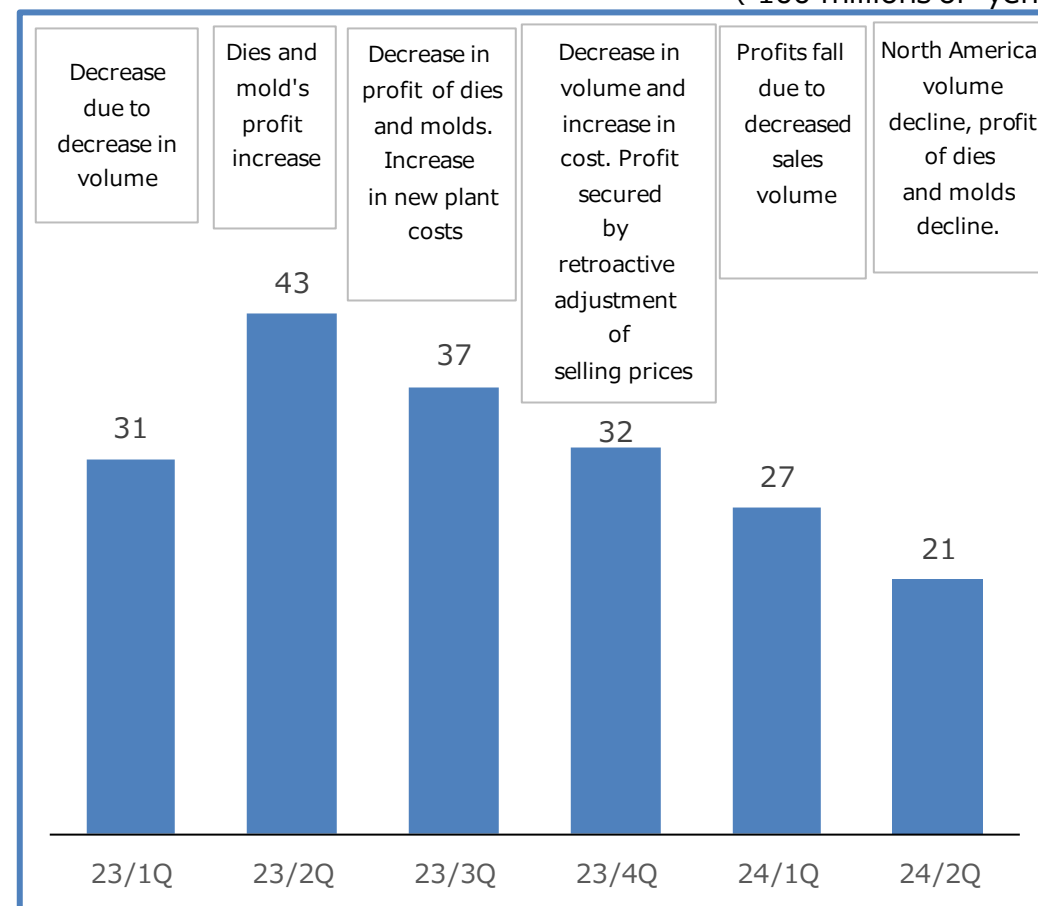
### Sales

( 100 millions of yen)



### Operating Income

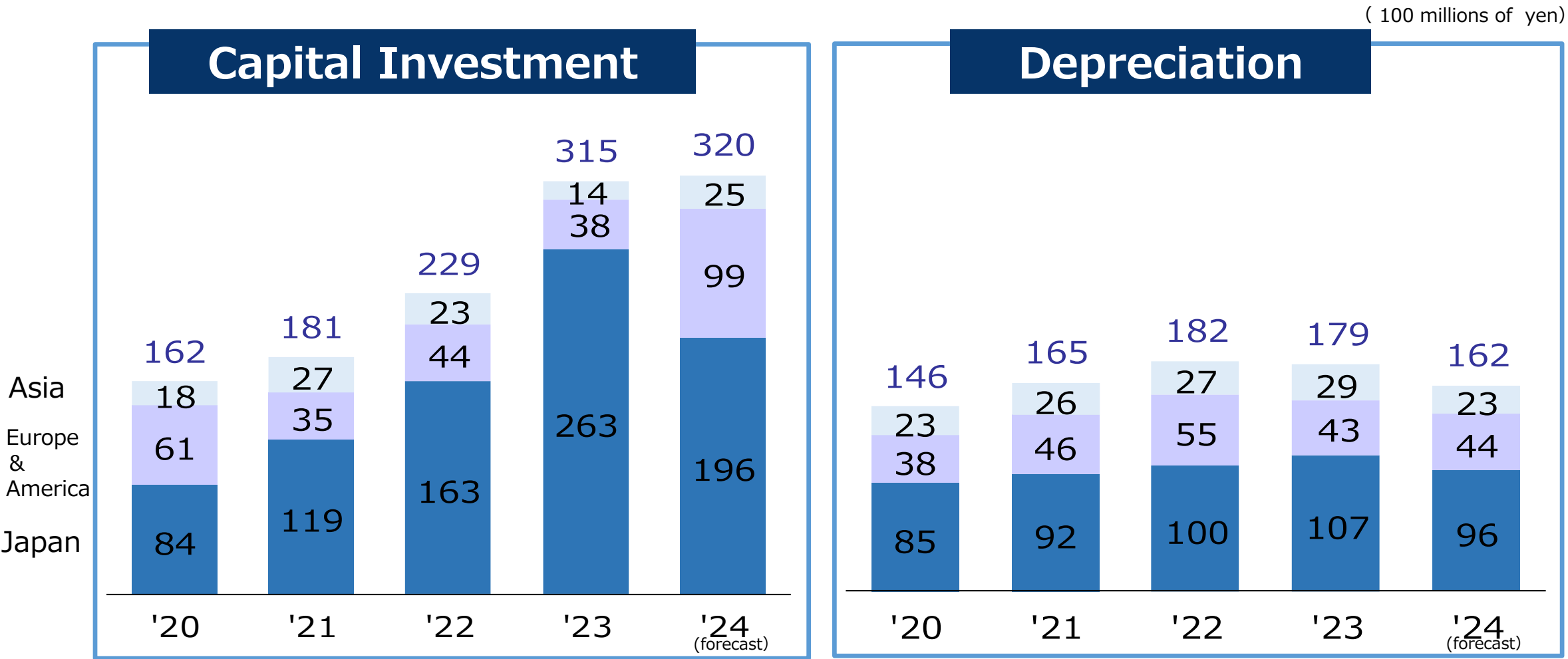
( 100 millions of yen)



# 2-7 Capital Investments and Depreciation



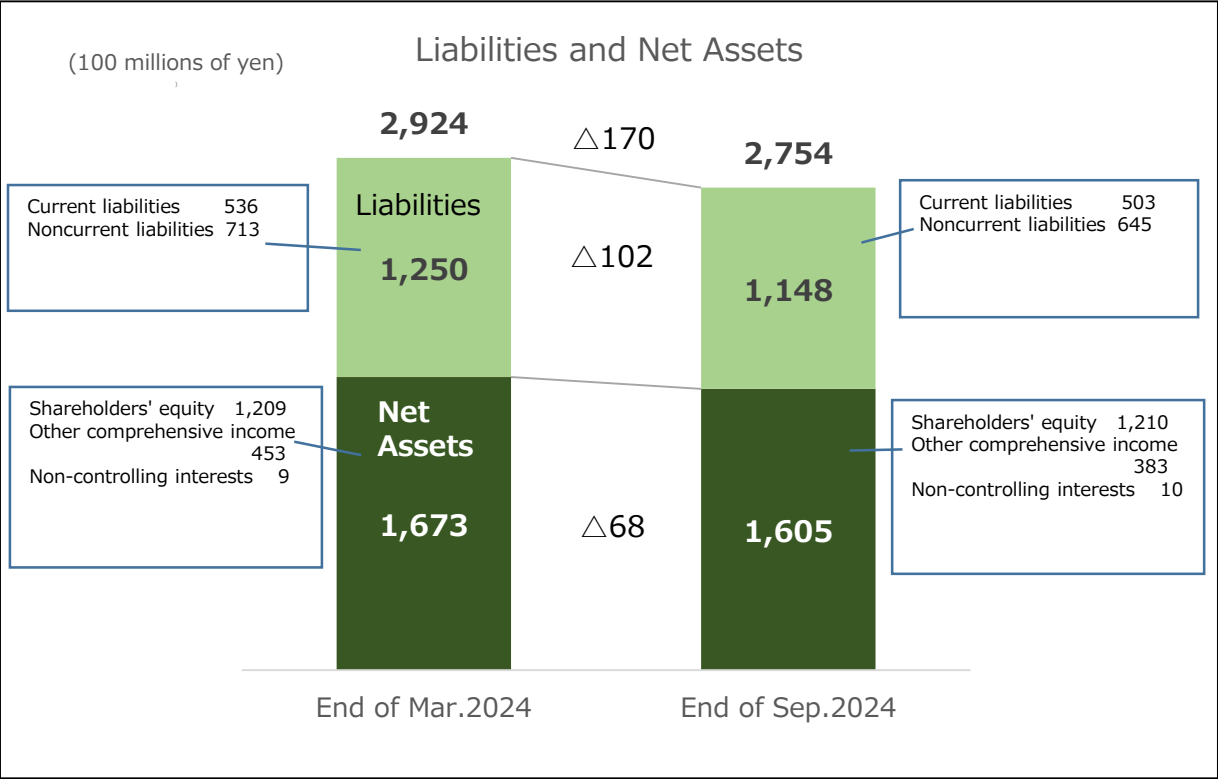
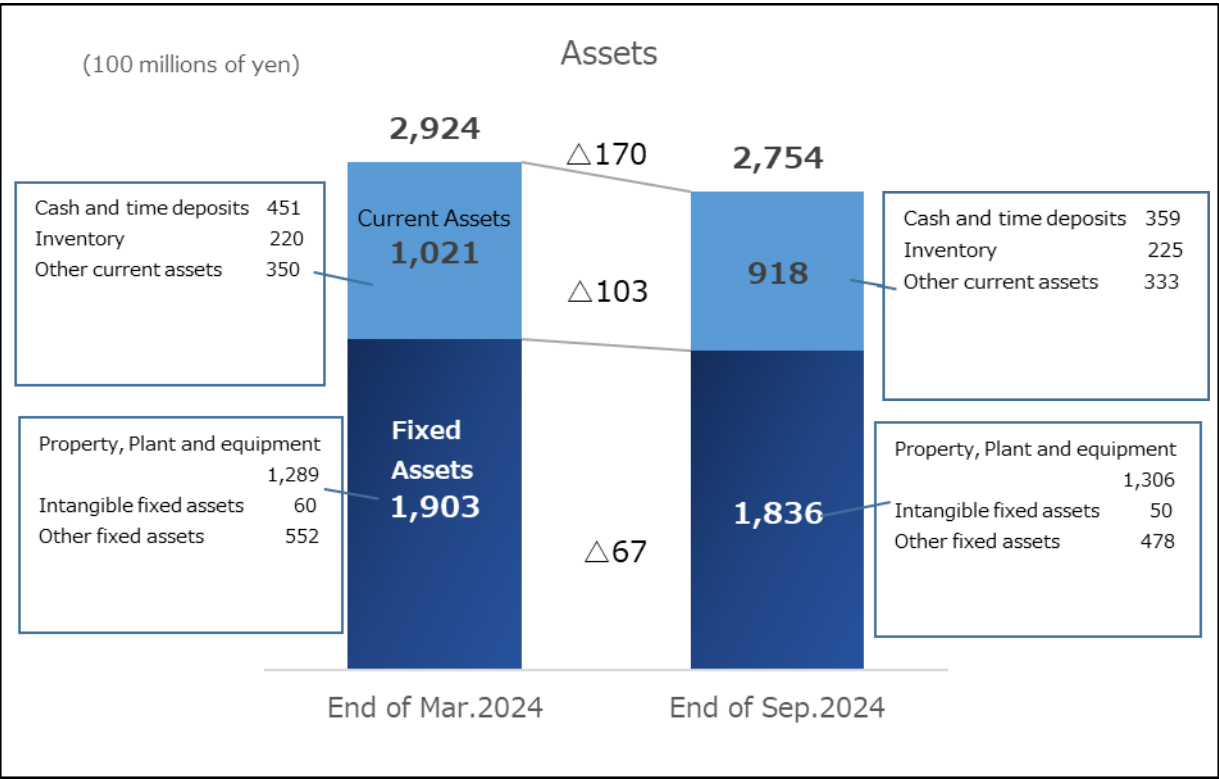
Investing in die factory, new valve plant, and development center, etc. for future growth.



# 2-8 Consolidated Balance Sheet



We are gradually selling off our cross-shareholdings, aiming to keep them at 20% or less of our net assets. As of the end of the Sep., they had fallen to 16.8%, including deemed shares.





- 1 . FY2024 1<sup>st</sup> half Financial Performance
- 2 . Full Year Forecast FY2024
- 3 . Progress on the “NEXUS-26” of the  
Mid-Term Business Plan**

## 3-1 Progress on the “NEXUS-26” of the Mid-Term Business Plan

We are promoting initiatives to enhance financial and non-financial value in line with our plan. Progress is steady towards achieving our targets for FY2026.

Financial value targets	FY2022 Result	FY2023 Result	FY2024 Forecast		FY2026 Target
Sales (Billion yen)	191.2	207.3	197		210
Ratio of operating income to sales	4.9%	7.0%	5.6%		7% or more
ROE	7.0%	11.2%	6.4%		8% or more

Non-financial Value targets	FY2022 Result	FY2023 Result		FY2026 Target
Sales ratio for electrified vehicles	29.1%	34.1%		50%
No. of new product and services launched	1 case	7 cases		15 cases (Accumulated from FY2023)
Employee engagement Positive assessment rate	-	First survey implementation 48.2%		60%
CO2 Emissions (Scope 1 and 2, group, compared to FY2019)	18.4% reduction	20.3% reduction		30% reduction

**To achieve improvements in ROE and PER and aim for a PBR of over 1, the following initiatives will be promoted.**

### Initiatives to Improve ROE

#### Strengthening profit structure

- Continuous cost improvements and promotion of fixed cost reduction
- Improving efficiency in production and management tasks through the use of digital tools ⇒ **P.25 Digital strategy**
- Maximize performance by investing in human capital ⇒ **P.26 HR strategy**

#### Improving investment efficiency

- Profit expansion through increased sales and improvement in investment turnover rate ⇒ **P.21-24 Business strategy**
- When making investment decisions, we evaluate investment efficiency based on a shareholder equity cost benchmark of 7%.
- Enhancing shareholder returns through measures such as flexible share buybacks. ⇒ **P.20 Shareholder Return Policy**

### Initiatives to Improve PER

#### Enhancement of Disclosure

- A comprehensive explanation of the growth strategy
- Enhancement of financial and non-financial information disclosure

#### Reducing business risks and expanding opportunities

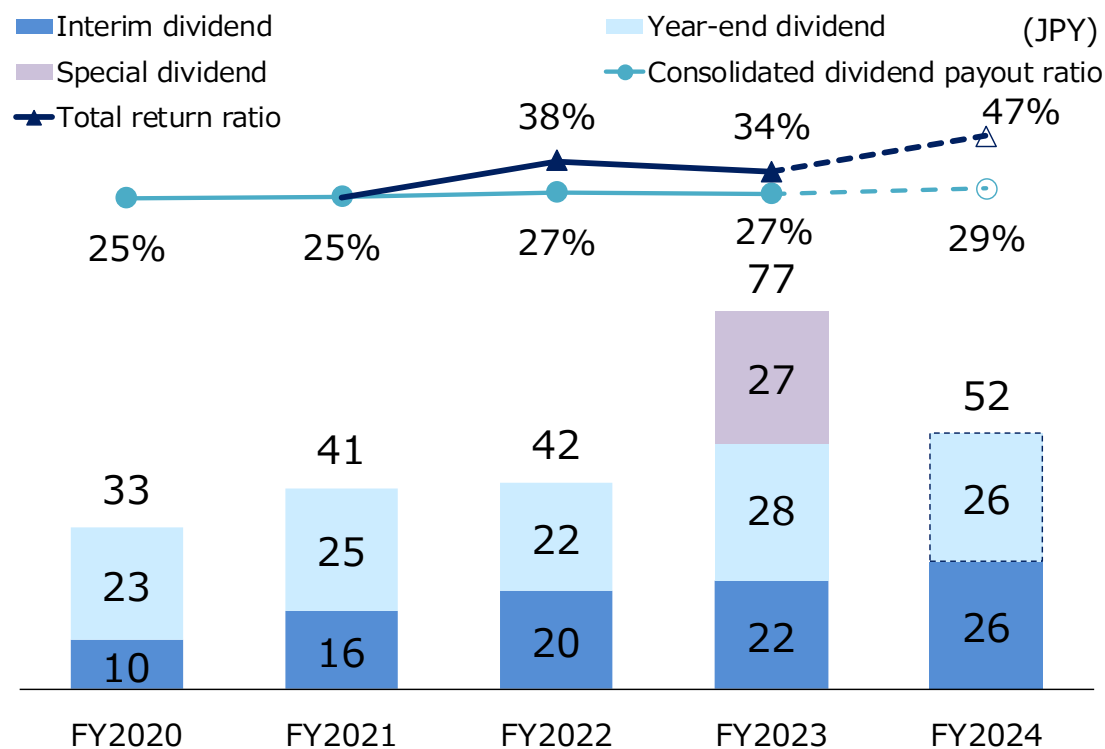
- Crisis management
- Business Continuity Planning (BCP)
- Compliance • Safety • Health • Human rights
- Human resource acquisition
- Development and promotion of new products and technologies

**Promoting sustainability management**

# 3-3 Shareholder Return Policy

Enhance shareholder returns with a dividend payout benchmark of 30% and flexible share buybacks.

<Trends in Dividends per Share, Dividend Payout Ratio, and Total Shareholder Return Ratio>



<Dividend>

•Based on a dividend payout ratio of 30%, we will implement stable and continuous dividends.

<Share buybacks>

•Purpose : Improve shareholder returns and capital efficiency, implement flexible capital policy

【 FYI 】

20 Billion yen /FY2024

13 Billion yen /FY2023

10 Billion yen /FY2022

# 3-4 The Progress : Stamping business

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**   **FY2026**  
**129**   **155** billion yen

**CAGR 4.7%**

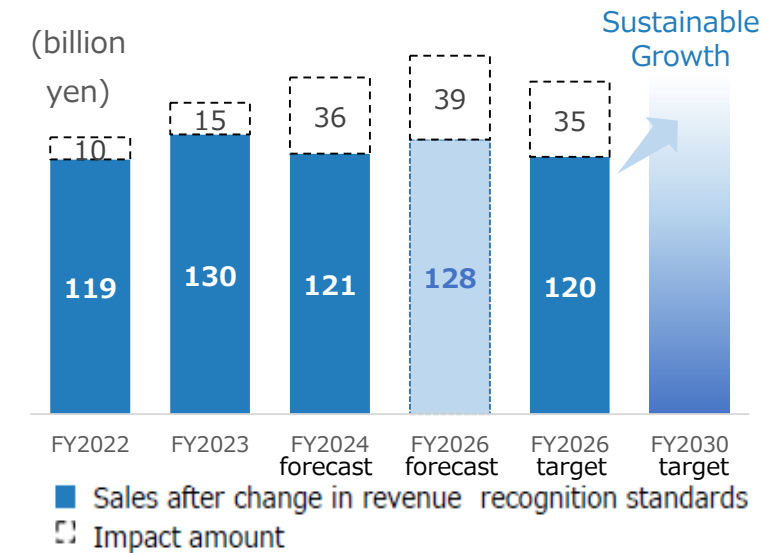
(Before the change in revenue recognition standards)

### 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 order unit price per vehicle by expanding sales of existing body shell parts
- Improvement of profitability due to the effect of the new plant and the Establishment of a new tooling plant
- Enhancing production capacity in Japan and the US to meet increased orders

Sales amount of stamping business



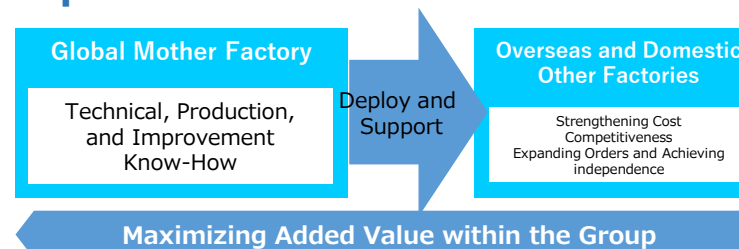
## Higashi-Ogaki New Stamping Plant started operation



Large stamping machine



Welding Shop



Expanding expertise to overseas locations, including lean production and building smart factories.

## Strengthening In-House Mold Production Capability



New Mold Factory Scheduled to Begin Operations in November 2024

# 3-5 The Progress : Plastic molding business

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

## 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**  
Result

**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

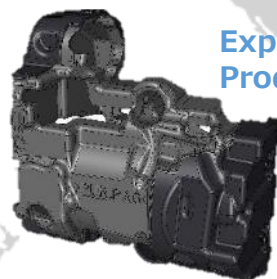
## Expand and Enhance Production Capacity for Soundproofing and Decoration Technologies Globally



Aerodynamic Wheel Cap

Expansion of  
Production Sites

Expanding Customers and  
Sales Regions



Soundproof Compressor Cover

Expansion of Sales and  
Product Lines

## Strengthening Development Capabilities

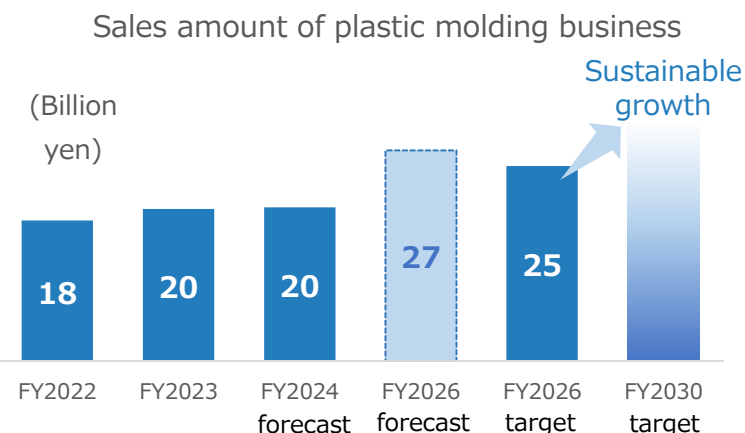
In the development center scheduled to start operations next year, we will enhance prototyping and evaluation facilities to refine soundproofing and decoration technologies.



Appearance Image



Image of Soundproof  
Evaluation Facility





# 3-6 The Progress : Valve business

Development and sales expansion underway through collaboration among global,  
New Product development is also underway.

## Growth strategy :

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

### Valves Sales Target

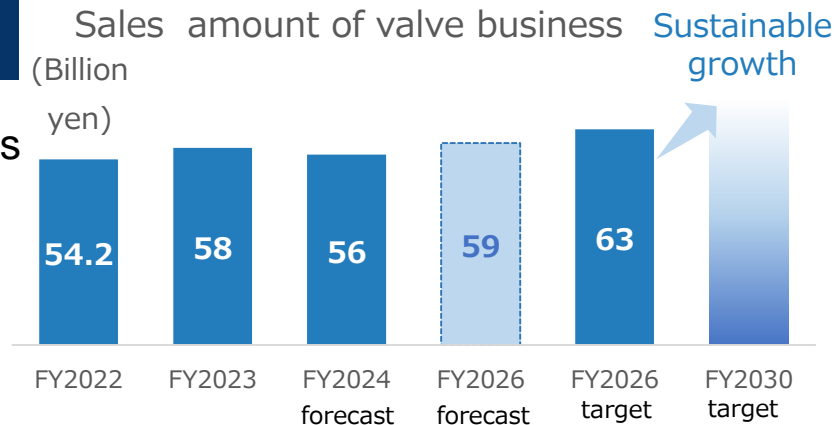
**FY2022** 54.2 **FY2026** 63 billion yen  
CAGR 3.8%

**FY2023**  
results

Key  
measure

### Received new orders for electronic expansion valves

- Expanding Sales of Thermal Management Valves to Mega Tier 1 Manufacturers
- Establish production system and promote investment while monitoring demand
- Secure sales and maintain profitability by expanding sales to new TPMS customers



## Constructing a New Factory with an Eye on Market Expansion



Valve New Factory Rendering

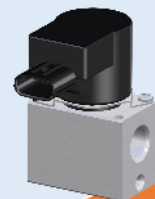
## Expansion of Electronic Expansion Valve Variations

Providing Optimal Products Tailored to Diverse Customer Needs

Electronic Expansion Valve



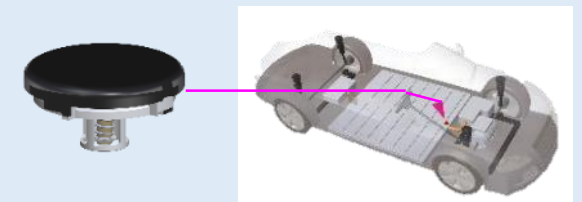
LIN-Control Type Electronic Expansion Valve



Module



## Development of Valves for BEV Batteries



Leveraging Expertise in Relief Valves, We Promote Development and Proposals to OEMs.

# 3-7 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



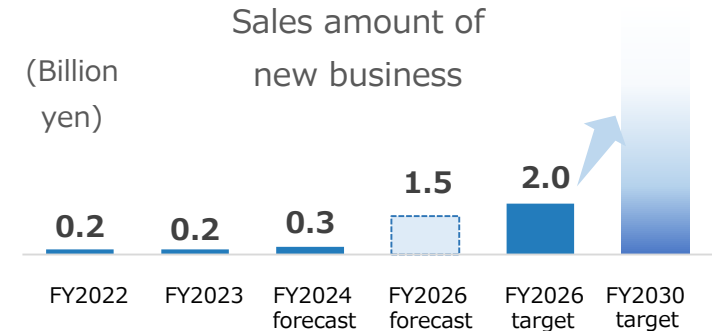
**FY2030**  
**35** cases

**FY2023**  
results

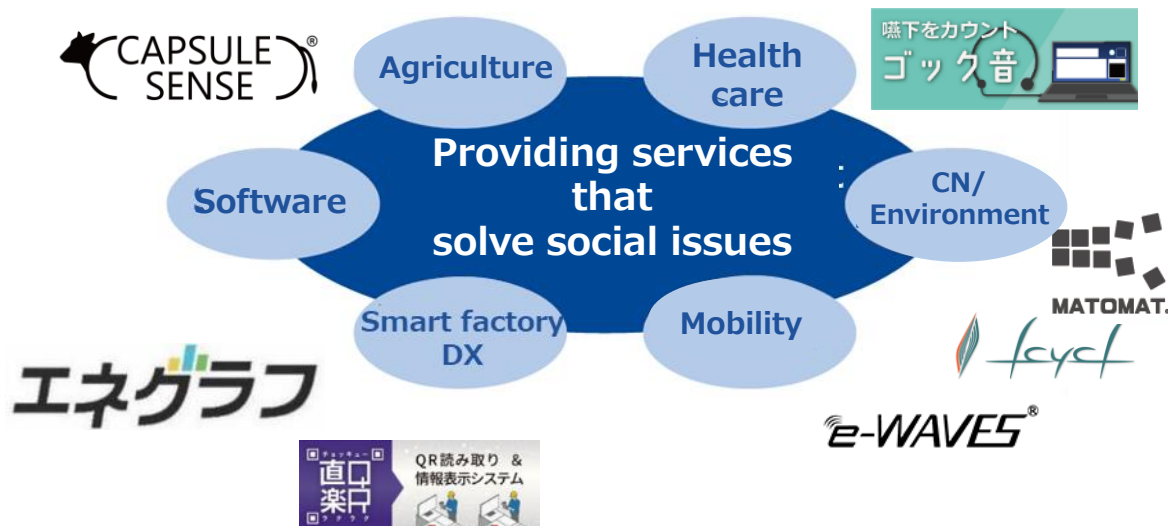
**Key**  
**measure**

7 new products released, e-WAVES variations developed

- 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



Developing and Selling New Products in Each Area



Utilizing Open Innovation

**Ω (Omega) Project :**  
**business idea contest through in-house recruiting**

- In the second year, 4 out of 82 submissions passed the first round of screening.
- Last year's submitted ideas were narrowed down to 2 in the second screening.

**Establishment of Open Innovation Promotion Office**

- Composed of 10 dual-role members connected to various business units
- Accelerating growth and value creation through collaboration with startups and other companies



# 3-8 The progress : Digital strategy

## Enhancing Competitiveness with Three Pillars: DX and Digitalization, Human resource Development, and Cybersecurity.

What we aim to be by 2030

### Realization of smart factories

Visualization of all production processes and optimization of the overall production process through the use of digital technologies and data such as IoT and AI

#### Key measure

- Promoting Improvement of Manufacturing and Logistics Efficiency through DX and Digitalization
- Developing Advanced Digital Talent and Optimal Placement Through Tiered DX Talent Education
- Enhancing Digital Literacy Among All Employees to Promote Utilization and Improve Operational Efficiency

### Promotion of switching to Smart Factory

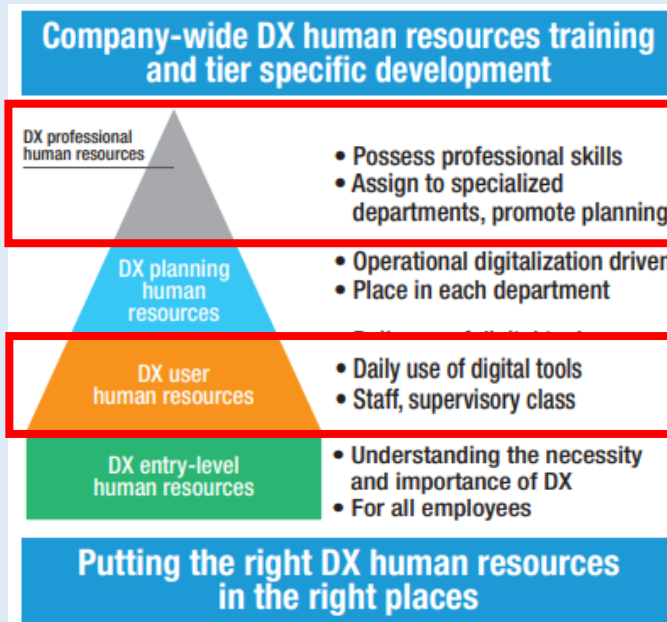
Through an in-house developed system by the digital department, we visualize the status of equipment and production lines, supporting management and improvement.



Digital Andon board  
(display board)



Centralized Operation Monitor



Establishing an AI Expert Team Structure

Promoting the Use of Generative AI

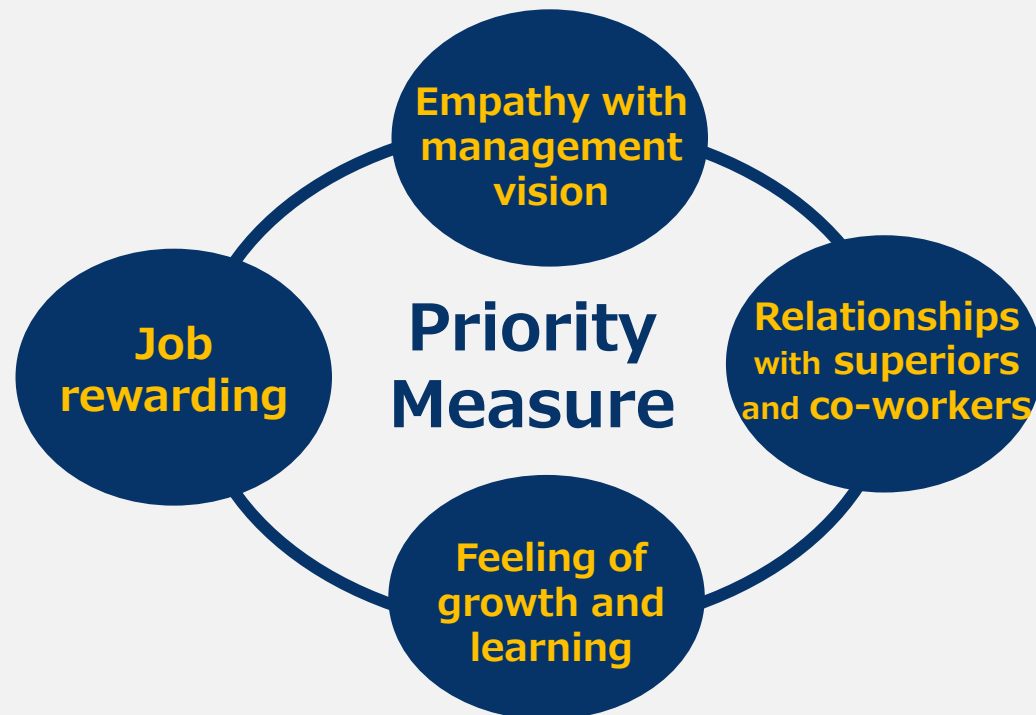


# 3-9 The Progress : HR strategy

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

What we aim to be by 2030  
**All workers can play an active role with passion**

Employee Engagement survey	FY2023 result	FY2026 target	FY2030 target
Positive assessment rate	48.2%	60%	70%



We were certified as an  
**Excellent Health Management Corporation 2024** (Large Corporation Category) for the 3<sup>rd</sup> year in a row



We have simultaneously certified  
**Platinum Kurumin and Eruboshi.**



## Actively introduce solar power generation

- 
- An aerial photograph of a large, rectangular industrial building with a flat roof. The roof is densely covered with solar panels, arranged in a grid pattern. The building is surrounded by other industrial structures and parking lots. The image is taken from a high angle, showing the entire roof area and the surrounding environment.

[illegible]

27/28



思いをこめて、あしたをつくる

Passion in Creating Tomorrow