

Financial Results Briefing for FY2024 Q3

The 101st period : Apr. 1st, 2024- Dec. 31st, 2024

Jan. 30, 2025

PACIFIC INDUSTRIAL CO., LTD.



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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 Q3 Consolidated Financial Summary



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

(100 millions of yen, %)

	FY2023		FY2024		Diff. from Forecast	
	23/ Q3 Cumulative	Result	24/ Q3 Cumulative	Result	Gain&Loss	% Change
Sales	1,559		1,513		△46	△3.0
Operating Income	112		90		△21	△19.3
Operating Income Ratio	7.2%		6.0%		△1.2P	—
Ordinary Income	143		130		△12	△9.0
Ordinary Income Ratio	9.2%		8.6%		△0.6P	—
Net income attributable to owners parent	109		101		△7	△7.0
Quarterly Net Income margin	7.0%		6.7%		△0.3P	—
Average exchange rate (USDJPY)	143.2 円		152.0		8.8	—

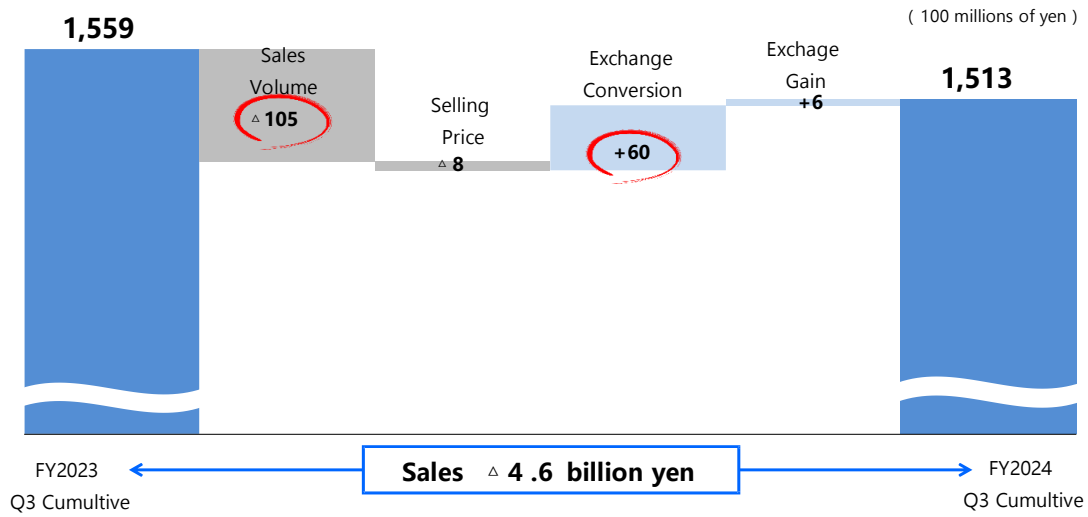
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The Group's cumulative Q3 sales were JPY151.3 billion, operating income was JPY9 billion, ordinary income was JPY13 billion, and net income was JPY10.1 billion.

1-2 Analysis of Consolidated Results : Sales



Sales decreased due to a decline in sales volume.

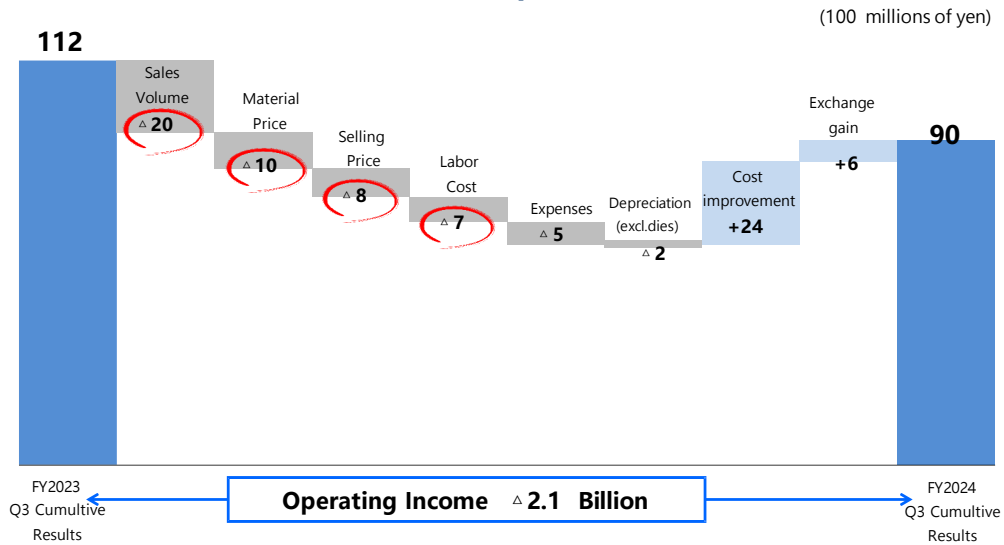


Although vehicle production remained steady in Q3, sales decreased in cumulative Q3 due mainly to the suspension of production of some vehicles in Japan and the US up to Q2 and a decrease in sales logistics due to lower die sales for new vehicle dies and molds.

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.



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Operating income was also profitable in Q3 as production recovered to the same level as the previous year. However, the cumulative Q3 operating income decreased due to a decline in sales volume up to Q2, the impact of cost increases such as material prices, and an increase in labor cost and expenses.

1-4 Consolidated Results by Business Segments



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

(100 millions of yen, %)

	Sales				Operating Income			
	FY2023	FY2024	YoY		FY2023	FY2024	YoY	
	Q3 Cumulative Results	Q3 Cumulative Results	Gain&Loss	% Change	Q3 Cumulative Results	Q3 Cumulative Results	Gain&Loss	% Change
Stamping & Plastic Molding *1	1,130	1,089	△41	△3.7	78	51	△26	△34.2
Operating Income Ratio					7.0%	4.7%	△2.3P	
Valves *2	427	422	△5	△1.2	33	39	+5	+17.3
Operating Income Ratio					7.8%	9.3%	+1.5P	

<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 YoY due to yen depreciation, with profits increasing due to reduced depreciation expenses.

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Concerning the stamping and plastic molding business, sales declined to JPY108.9 billion due to a decrease in sales volume. Operating income decreased due to a decrease in volume and an increase in depreciation and amortization expenses, resulting in an operating income of JPY5.1 billion.

Concerning the valve business, sales were JPY42.2 billion, the same level as the previous year due to the weak yen, despite a decrease in logistics, and operating income increased to JPY3.9 billion, mainly due to a decrease in 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 down and income remained flat YoY in Asia.

(100 millions of yen, %)

	Sales				Operating Income			
	FY2023	FY2024	YoY		FY2023	FY2024	YoY	
	Q3 Cumulative Results	Q3 Cumulative Results	Gain&Loss	%Change	Q3 Cumulative Results	Q3 Cumulative Results	Gain&Loss	%Change
Japan *1	536	509	△26	△4.9	59	40	△18	△32.0
Operating Income Ratio					11.1%	7.9%	△3.2P	
Europe&America *2	703	729	+25	+3.6	25	28	+3	+12.4
Operating Income Ratio					3.6%	3.9%	+0.3P	
Asia *3	319	274	△45	△14.4	18	18	+0	+3.0
Operating Income Ratio					5.8%	6.9%	+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 decreased due to a sales volume down and income remained flat due to a decrease in depreciation expenses.

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Sales in Japan were JPY50.9 billion due to a decrease in volume, and operating income was JPY4 billion mainly due to a decrease in volume and an increase in depreciation expenses.

Sales in Europe and the US were JPY72.9 billion due to the weaker yen, and operating income was JPY2.8 billion, mainly due to decreased depreciation expenses.

Net sales in Asia were JPY27.4 billion due to a decrease in material volume, and operating income was JPY1.8 billion, mainly due to a decrease in depreciation expenses.

2-1 Full Year Forecast FY2024



Forecasts have been revised in light of Q3 results and changes in the external environment.

	FY2023 Full Year Results	FY2024		YoY		Diff. from Previous Forecast	
		Full Year Forecast		Full Year		Full Year	
		Previous on 28th Oct.	Latest	Gain&Loss	%Change	Gain&Loss	%Change
Sales	2,073	1,970	2,030	△43	△2.1%	+60	3.0%
Operating Income	144	110	125	△19	△13.5%	+15	13.6%
Operating Income Ratio	7.0%	5.6%	6.2%	△0.8P	—	+0.6P	—
Ordinary Income	188	135	165	△23	△12.4%	+30	22.2%
Ordinary Income Ratio	9.1%	6.9%	8.1%	△1.0P	—	+1.2P	—
Current Net Income ^{*1}	169	105	120	△49	△29.3%	+15	14.3%
R O E	11.2%	6.4%	7.1%	△4.1P	—	+0.7P	—
R O A(Operating income basis)	5.3%	3.8%	4.3%	△1.0P	—	+0.5P	—
Net Assets per Share (JPY)	2,840	2,850	2,995	155	5.5%	+145	5.1%
Average exchange rate (USD/JPY)	144.2	149.4	^{*2} 151.6	7.4	—	2.2	—

*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 145 yen/USD on Oct 28th to the current forecast of 150 yen/USD from the 4th quarter onwards.

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The full-year forecast has been revised based on the results up to Q3 and changes in the external environment.

We are revising sales to JPY203 billion, operating income to JPY12.5 billion, ordinary income to JPY16.5 billion, and net income to JPY12 billion.

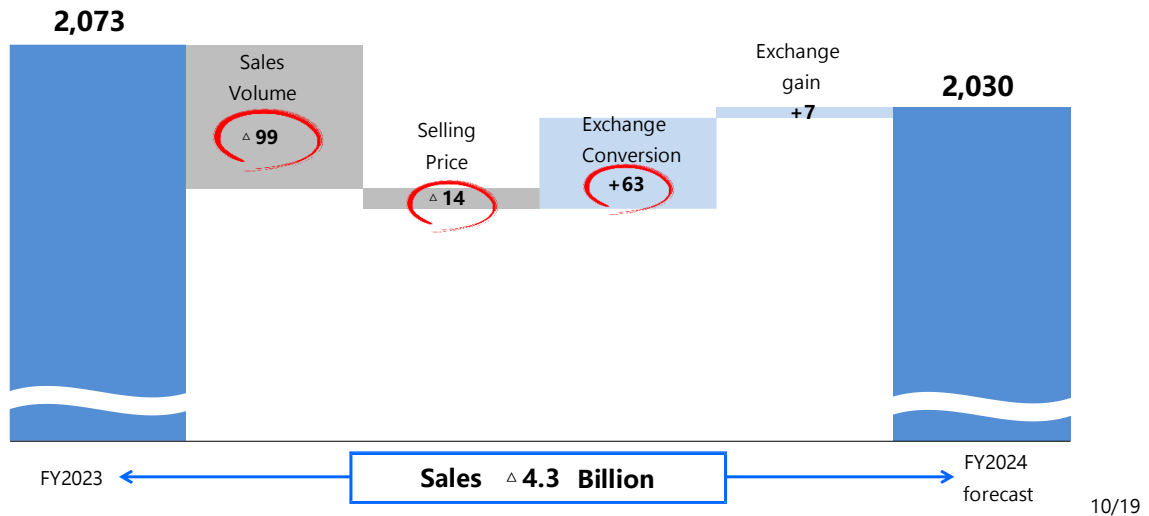
The assumed exchange rate for Q4 has been revised from JPY145 per US dollar to JPY150 per US dollar. The exchange rate sensitivity is JPY100 million per yen per year.

2-2 Analysis of FY2024 Forecasts: Sales



Decreased in sales due to lower sales volumes.

(100 millions of yen)

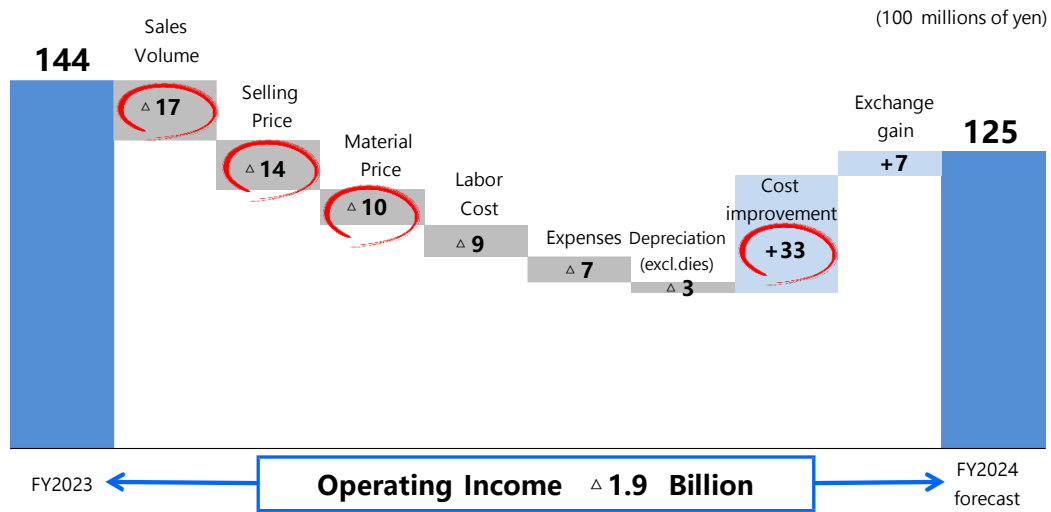


Although there is a positive impact from the weaker yen, full-year sales are expected to decrease mainly due to a decline in production volume, a decrease in sales logistics due to lower die sales, and sales price revisions overseas.

2-3 Analysis of FY2024 Forecasts : Operating Income



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



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Although we are continuing to implement cost improvements, we expect operating income for the full year to decrease due to the negative impact of sales distribution and selling prices, as well as the impact of material prices on the cost side and increased labor and expense costs.

2-4 Consolidated forecasts by Segments



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

(100 millions of yen, %)

	Sales				Operating Income			
	FY2023 Result	FY2024 Forecast	YoY		FY2023 Result	FY2024 Forecast	YoY	
			Gain&Loss	%Change			Gain&Loss	%Change
Stamping & Plastic Molding *1	1,499	1,468	△31	△2.1	103	79	△24	△24.0
Operating Income Ratio					6.9%	5.4%	△1.5P	
Valves *2	571	560	△11	△2.0	41	47	+5	+14.1
Operating Income Ratio					7.2%	8.4%	+1.2P	

<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.

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As for the full-year forecast by business segment, the stamping and plastic molding business expects sales of JPY146.8 billion due to a decrease in sales distribution, and operating income of JPY7.9 billion due to a decrease in material volume and an increase in depreciation expenses.

The valve business forecasts sales of JPY56 billion due to a decrease in sales logistics, and operating income of JPY4.7 billion due to a decrease in depreciation expenses.

2-5 Consolidated Forecast by Region



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

In Asia, sales down and income expected to be flat YoY. (100 millions of yen, %)

	Sales				Operating Income			
	FY2023 Results	FY2024 Forecast	YoY		FY2023 Results	FY2024 Forecast	YoY	
			Gain&Loss	%Change			Gain&Loss	%Change
Japan *1	679	674	△5	△0.8	62	50	△12	△20.0
Operating Income Ratio					9.2%	7.4%	△1.8P	
Europe&America *2	969	982	+12	+1.3	43	44	+0	+2.0
Operating Income Ratio					4.4%	4.5%	+0.1P	
Asia *3	424	374	△50	△11.9	26	26	△0	△3.5
Operating Income Ratio					6.4%	7.0%	+0.6P	

<Analysis>

*1 Sales remain flat YoY but income decrease due to increase in labor cost, expenses and depreciation.

*2 Decreased volume and the impact of a weaker yen offset each other, resulting in a slight increase in sales, and income are expected to be flat.

*3 Sales decrease due to lower volume in China, income expected to be flat YoY due to lower volume and depreciation expenses.

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As for the full-year forecast by region, sales in Japan are expected to be JPY67.4 billion, unchanged from the previous year, and operating income is expected to be JPY5 billion, mainly due to an increase in labor cost, expenses, and depreciation.

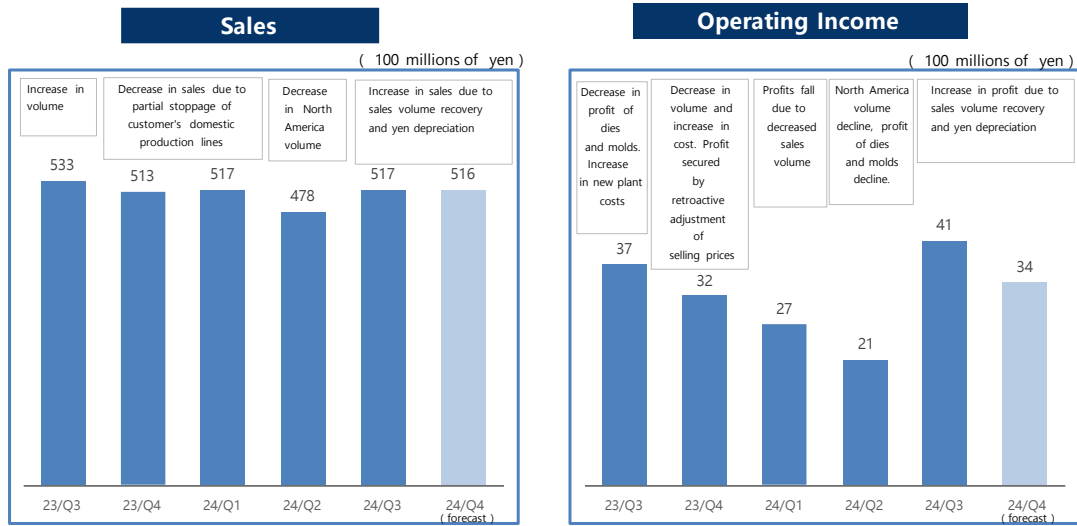
Sales in Europe and the US are projected to be JPY98.2 billion, slightly increased from the previous year, and operating income is expected to remain flat YoY at JPY4.4 billion, despite a decrease in volume, which the weaker yen will offset.

We expect sales of JPY37.3 billion in Asia due to the decrease in material volume, and operating income of JPY2.6 billion, despite the decrease in volume, due to the decrease in depreciation expenses.

2-6 Quarterly Consolidated Financial Results



Increase in profits due to recovery of production domestically and internationally and yen depreciation, etc.

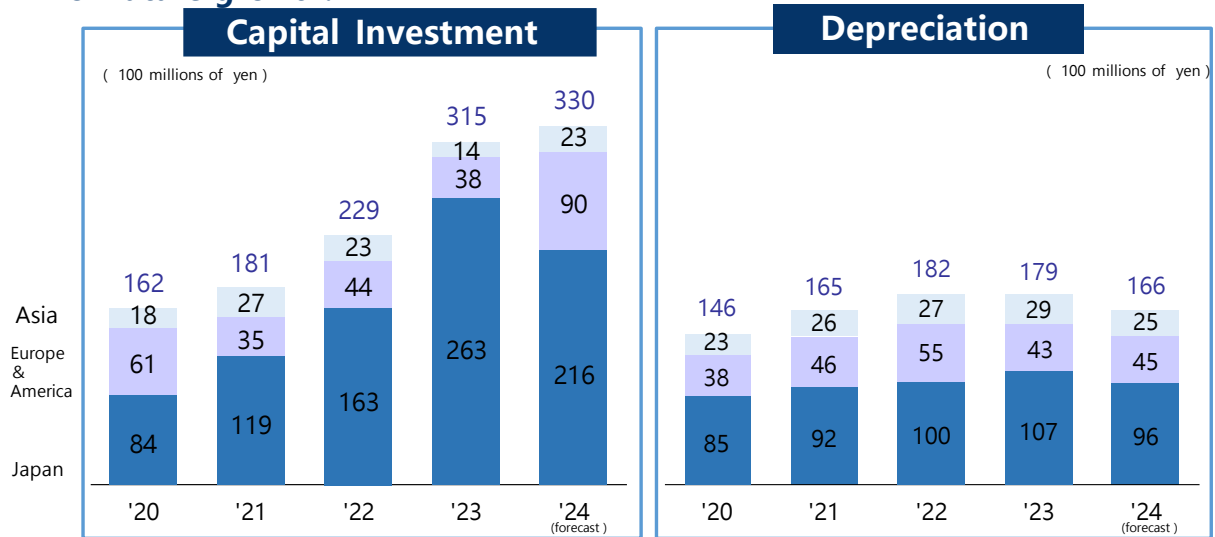


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Since Q4 of FY2023, sales and profits had been declining due to a decrease in sales distribution, but since Q3, both sales and profits have been recovering due to a recovery in production and a weaker yen.

2-7 Capital Investments and Depreciation

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



Capital investments are made for future growth in addition to normal investments in production preparation, improvement, and renewal.

In FY2024, we plan to invest JPY33 billion in capital expenditures, including investments in the construction of a new die factory, a new valve plant, and a development center in Japan, and a new plant to increase stamping production capacity in the US.

3-1 Hot Topics

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Expand sales and improve functionality of solutions for growth of existing and new businesses.

New plant to be completed for valves adopted in EVs



- Scheduled to be completed in March 2025 in anticipation of the expansion of the BEV/PHEV market.
- Producing electronic expansion valves, etc., which are expected to be increasingly adopted in heat management systems.
- Diversify products and customers by utilizing overseas bases.

Disaster relief mat "MATOMAT" *1 "Cho-Monozukuri parts grand prize

Health and Welfare, Biotechnology and Medical Device Components Award



- "Phase-free" products available for both daily use and emergencies.
- Highly valued for its contribution to society and as a symbol of Japan's manufacturing strengths.
- Adoption expanded to elementary and junior high schools in Gifu Prefecture.
- Disaster prevention and mitigation x sustainability-award 2024 Grand Prize (29th Jan) .

*1 Sponsorship: Monozukuri Nippon Conference/Nikkan Kogyo Shimbun
*2 Sponsorship: Society for Sustainable Mitigation and Related Technology

"e-WAVES BLE type" Linkage with DoCoMAP



Starts in April 2025.
Collaborated with docomap JAPAN Co., Ltd.

- Released "BLE type" temperature/humidity logger.
- Bluetooth communication to check data on a smartphone.
- Linkage with DoCoMAP enables real-time monitoring of vehicle location and warehouse data.

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The new valve plant, which is under construction in anticipation of the future expansion of the electric vehicle market, is scheduled for completion in March of this year to produce valves for electric vehicles, including electronic expansion valves, which are expected to be increasingly adopted in heat management systems. We will also collaborate with development and sales forces at overseas bases to expand our products and customers, and we will achieve growth in the valve business.

The disaster relief mat MATOMAT, upcycled from urethane tips generated in our production process, has been well received as a product that significantly contributes to society.

In the Cho-Monozukuri Innovative Parts and Components Awards sponsored by NIKKAN KOGYO SHIMBUN, we were honored to receive the Health and Welfare, Biotechnology, and Medical Equipment Component Award.

It has also been recognized for its disaster prevention and mitigation aspects as well as sustainability, and has received an award for excellence in the Disaster Prevention and Mitigation Sustainability Grand Prize.

Multi-sensing logger e-WAVES has released a BLE type as a new model. Bluetooth communication is used to check temperature and humidity from a smartphone app.

We will also begin collaboration with DoCoMAP, a vehicle location information management service in April.

This collaboration will enable more accurate and efficient quality control of logistics, in addition to real-time monitoring of vehicle location and temperature/humidity data in the warehouse, as well as automatic creation of operation reports in which temperature/humidity information is recorded, and temperature control charts to be submitted to shippers.

We will continue to pursue our Purpose, "Passion in Creating Tomorrow," to promote sustainability management and enhance our corporate value.