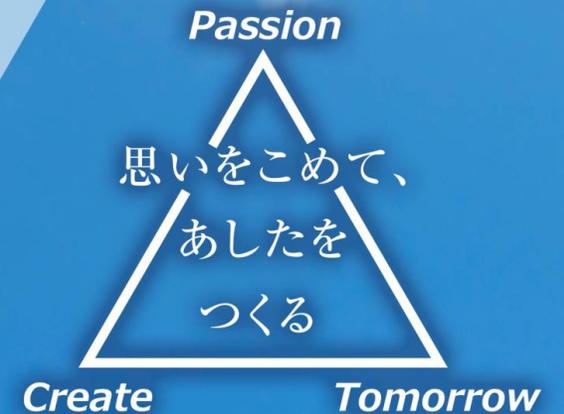


Financial Results Briefing for FY2024 Q2

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

Nov. 1, 2024

PACIFIC INDUSTRIAL CO., LTD.



- 1. FY2024 1st 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.

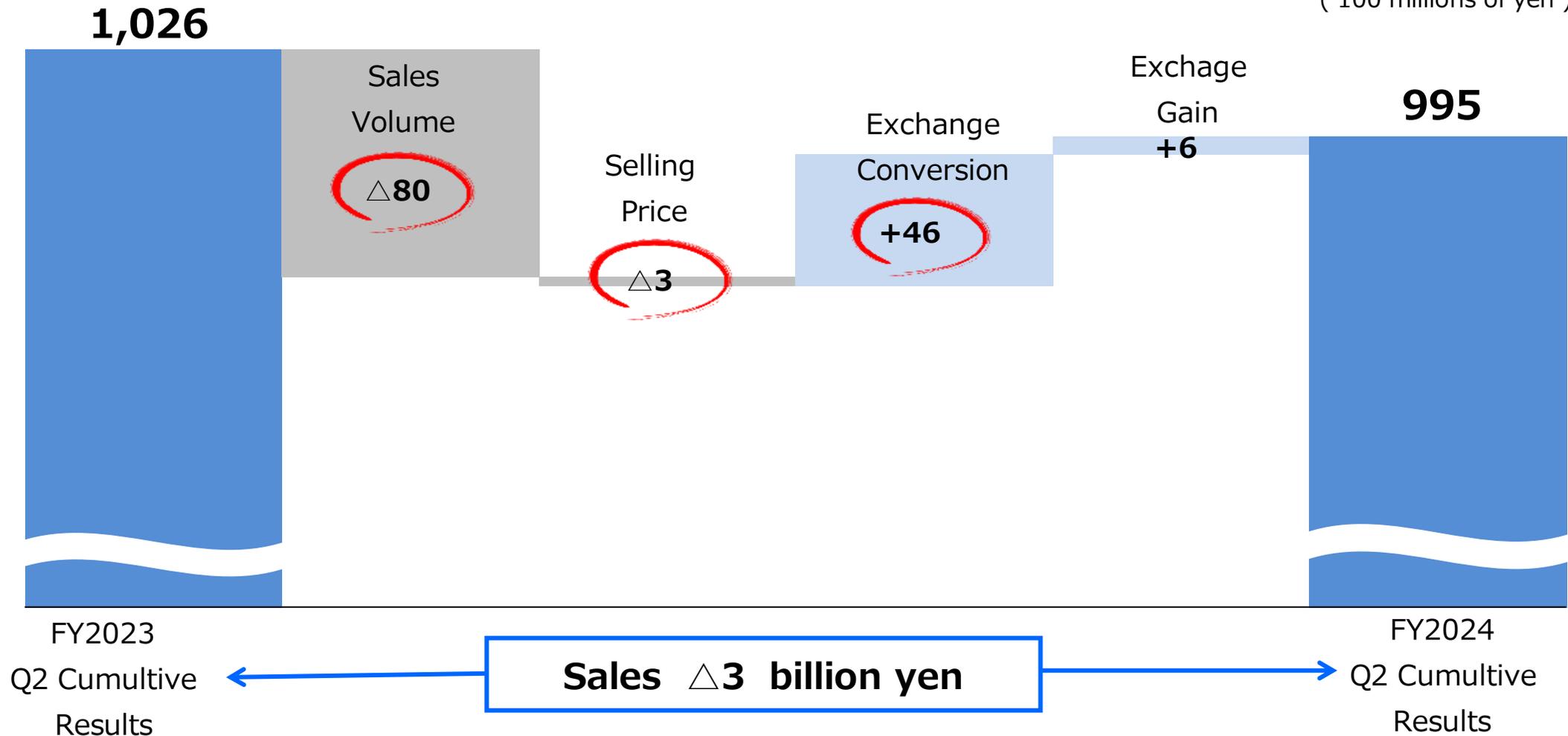
(100 millions of yen, %)

	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.

(100 millions of yen)

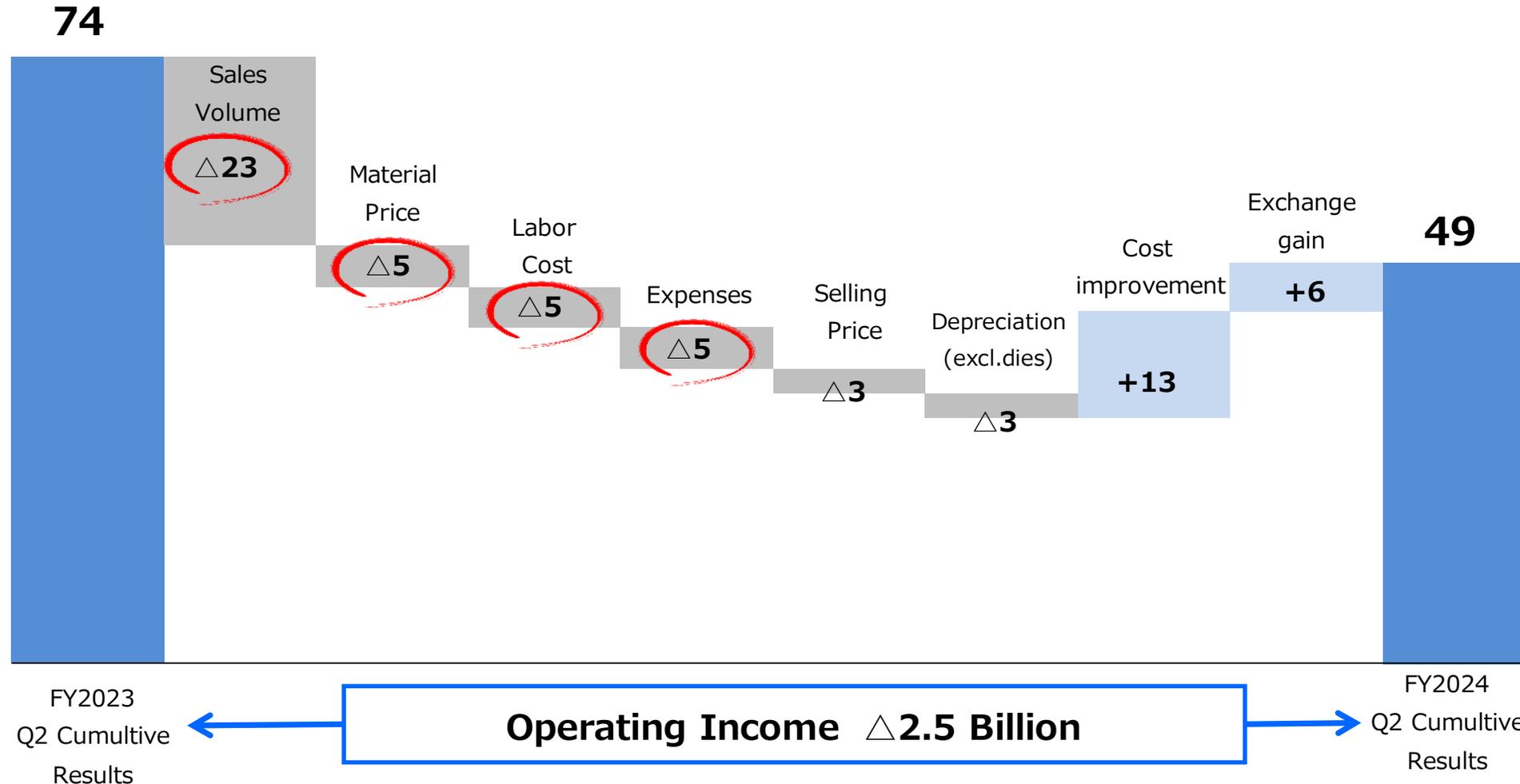


1-3 Analysis of Consolidated Results : Operating Income



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
Stamping & Plastic Molding *1	741	711	△29	△4.0	55	22	△32	△58.8
Operating Income Ratio					7.5%	3.2%	△4.3P	
Valves *2	284	283	△0	△0.3	19	26	+7	+36.0
Operating Income Ratio					6.9%	9.4%	+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
Japan *1	341	333	△8	△2.6	38	20	△17	△46.5
Operating Income Ratio					11.2%	6.2%	△5.0P	
Europe&America *2	473	488	+15	+3.2	15	16	+1	+6.7
Operating Income Ratio					3.2%	3.3%	+0.1P	
Asia *3	211	173	△37	△17.6	14	9	△4	△30.6
Operating Income Ratio					6.7%	5.6%	△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 1st 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 1st half results and changes in the external environment.

(100 millions of yen, %)

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

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

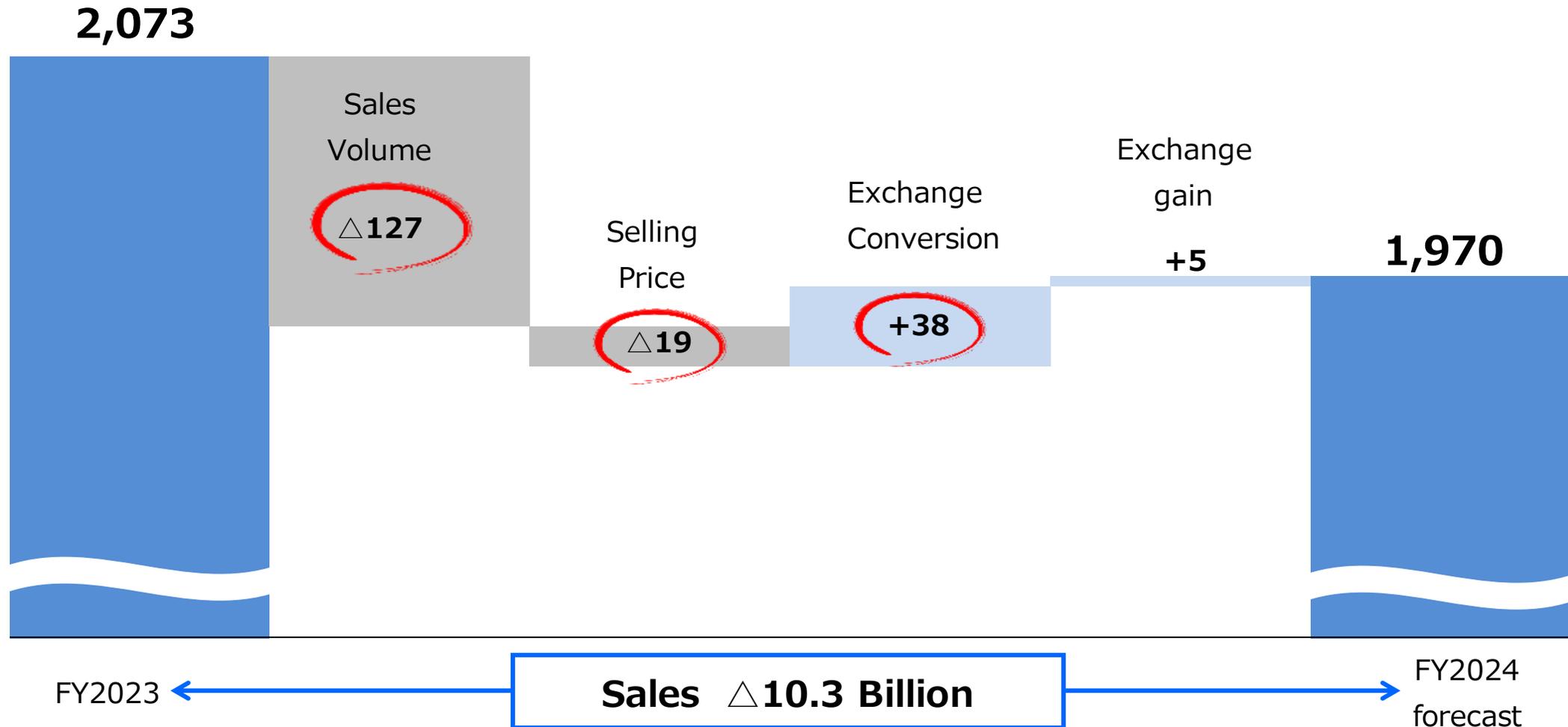
*2 We have revised the assumed exchange rate from the previously announced 150 yen/USD on July 25th to the current forecast of 145 yen/USD from the third quarter onwards.

2-2 Analysis of FY2024 Forecasts: Sales



Decreased in sales due to lower sales volumes.

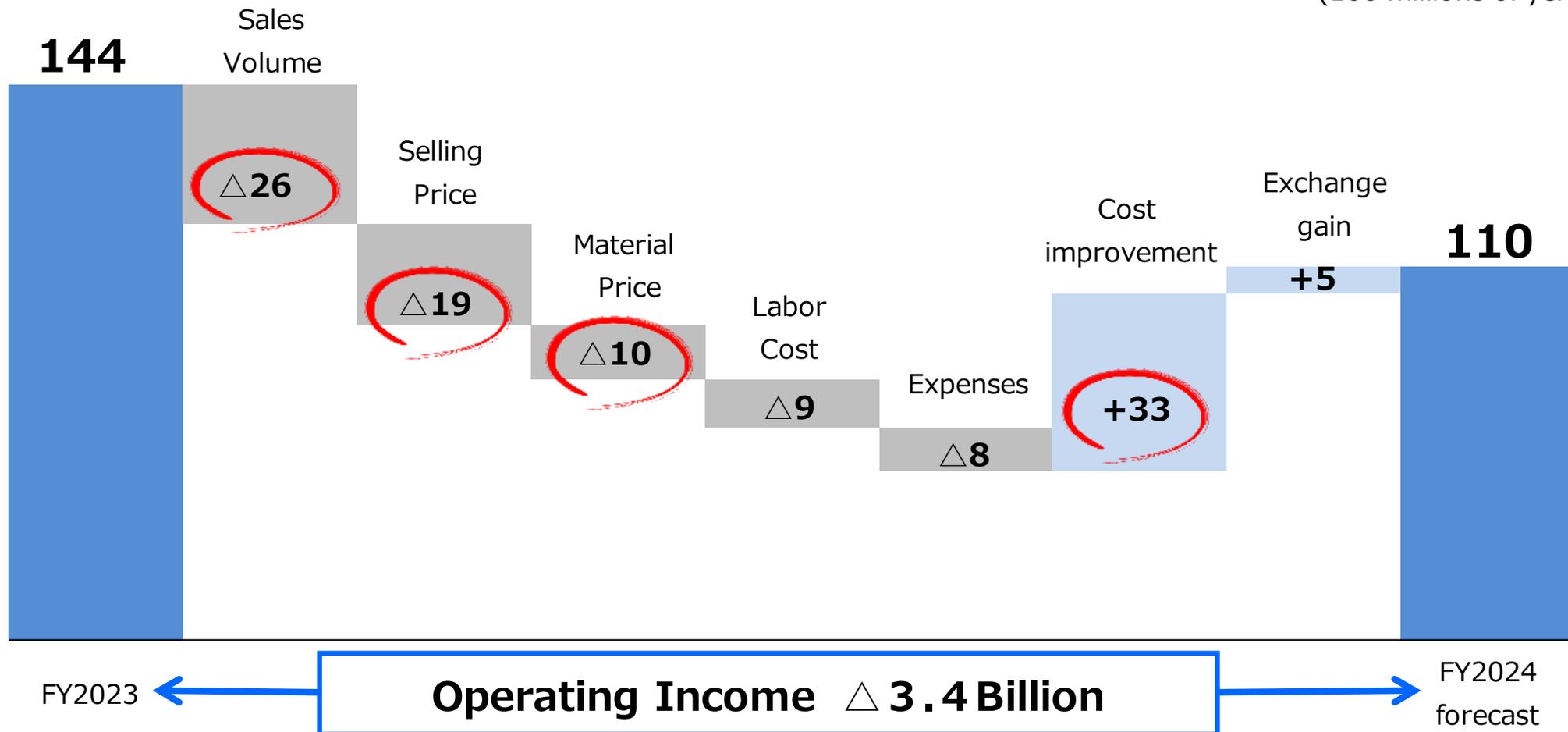
(100 millions of yen)



2-3 Analysis of FY2024 Forecasts : Operating Income PACIFIC

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

(100 millions of yen)



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
Stamping & Plastic Molding *1	1,499	1,411	△88	△5.9	103	65	△38	△37.5
Operating Income Ratio					6.9%	4.6%	△2.3P	
Valves *2	571	556	△15	△2.7	41	45	+3	+9.2
Operating Income Ratio					7.2%	8.1%	+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
Japan ^{*1}	679	670	△9	△1.4	62	42	△20	△32.8
Operating Income Ratio					9.2%	6.3%	△2.9P	
Europe&America ^{*2}	969	932	△37	△3.9	43	36	△7	△16.5
Operating Income Ratio					4.4%	3.9%	△0.5P	
Asia ^{*3}	424	368	△56	△13.3	26	25	△1	△7.2
Operating Income Ratio					6.4%	6.8%	+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.

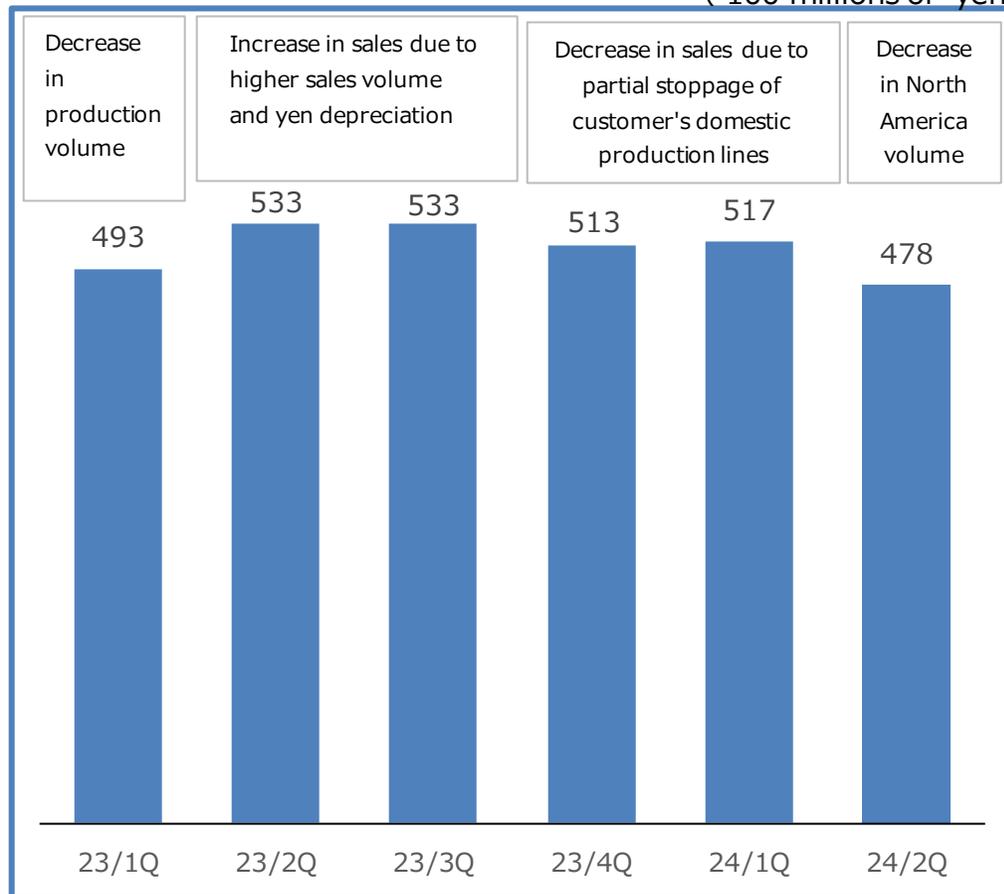
2-6 Quarterly Consolidated Financial Results



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

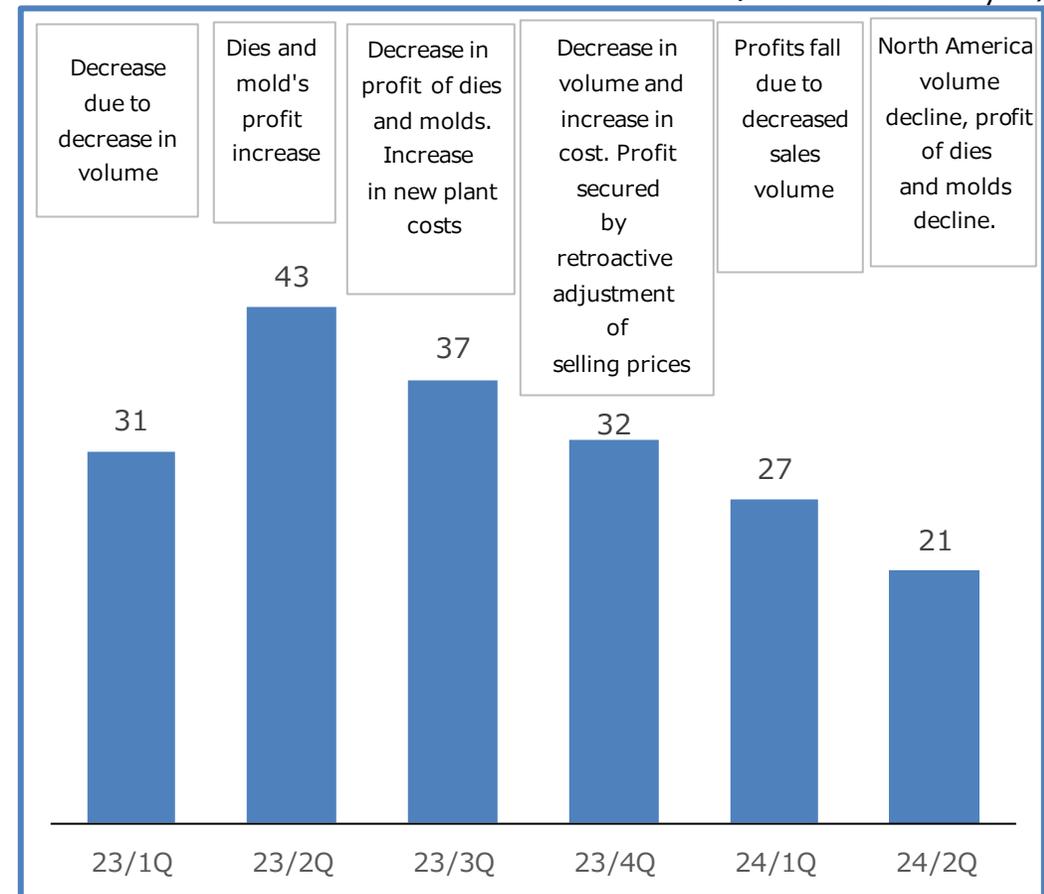
Sales

(100 millions of yen)



Operating Income

(100 millions of yen)

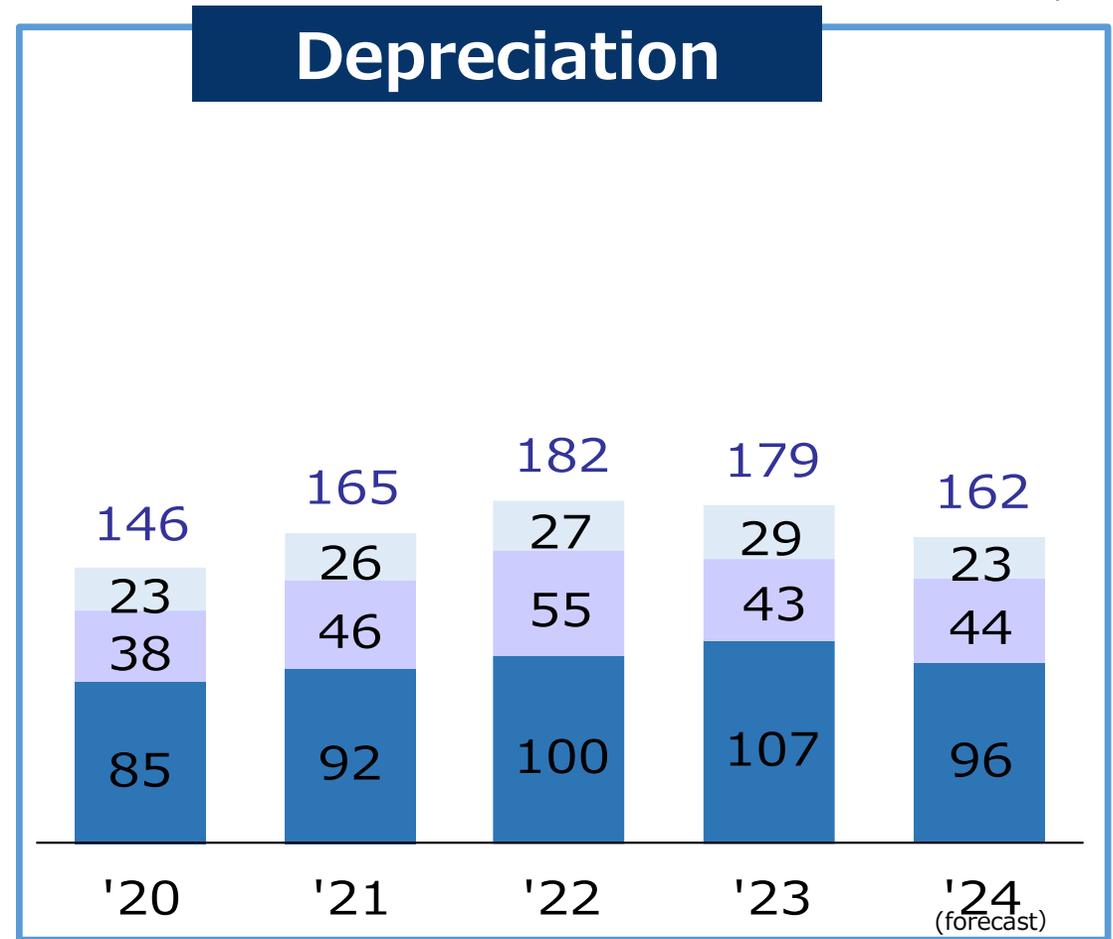
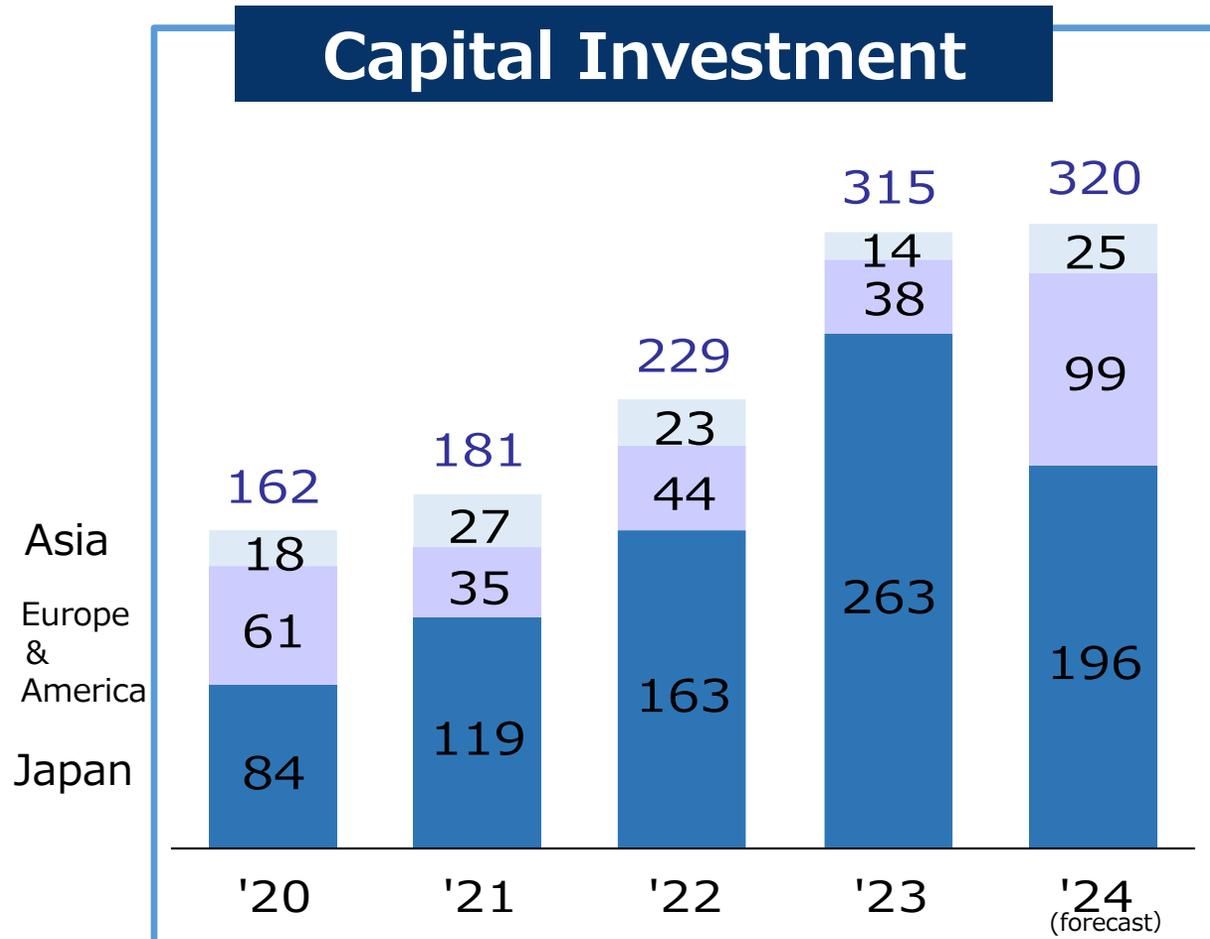


2-7 Capital Investments and Depreciation



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

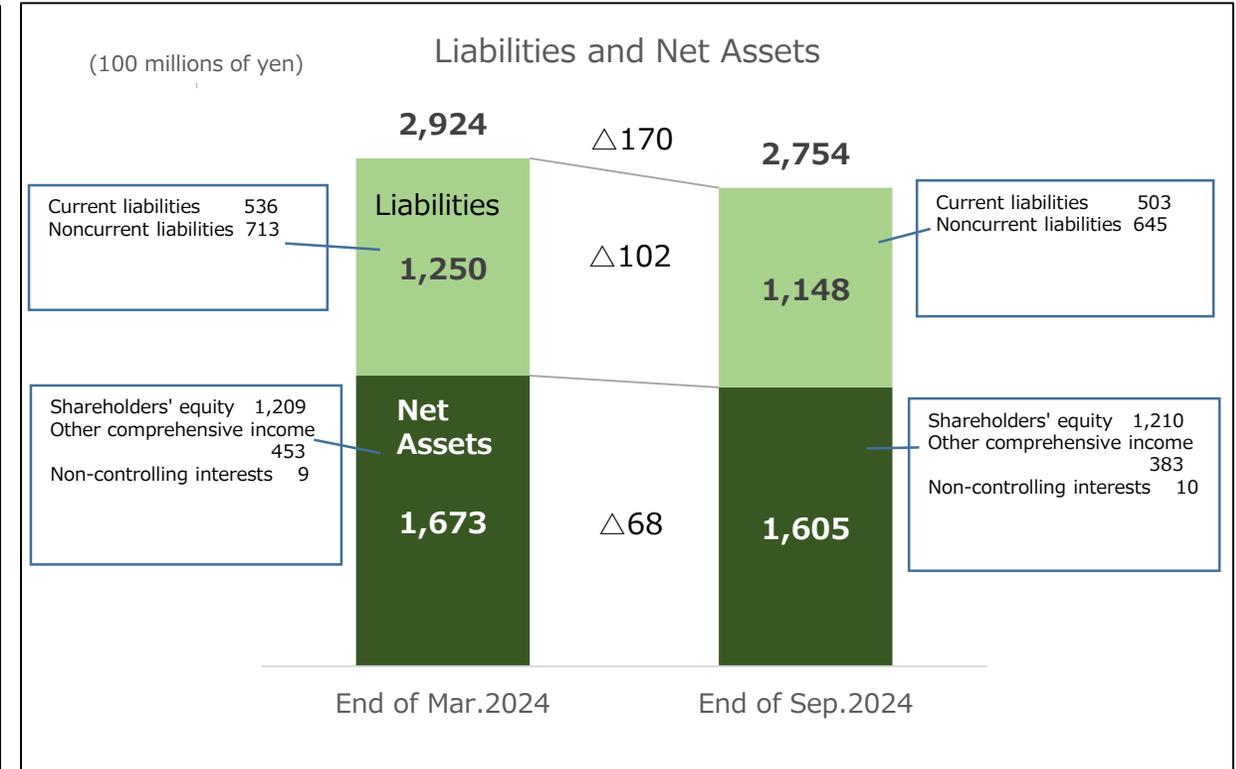
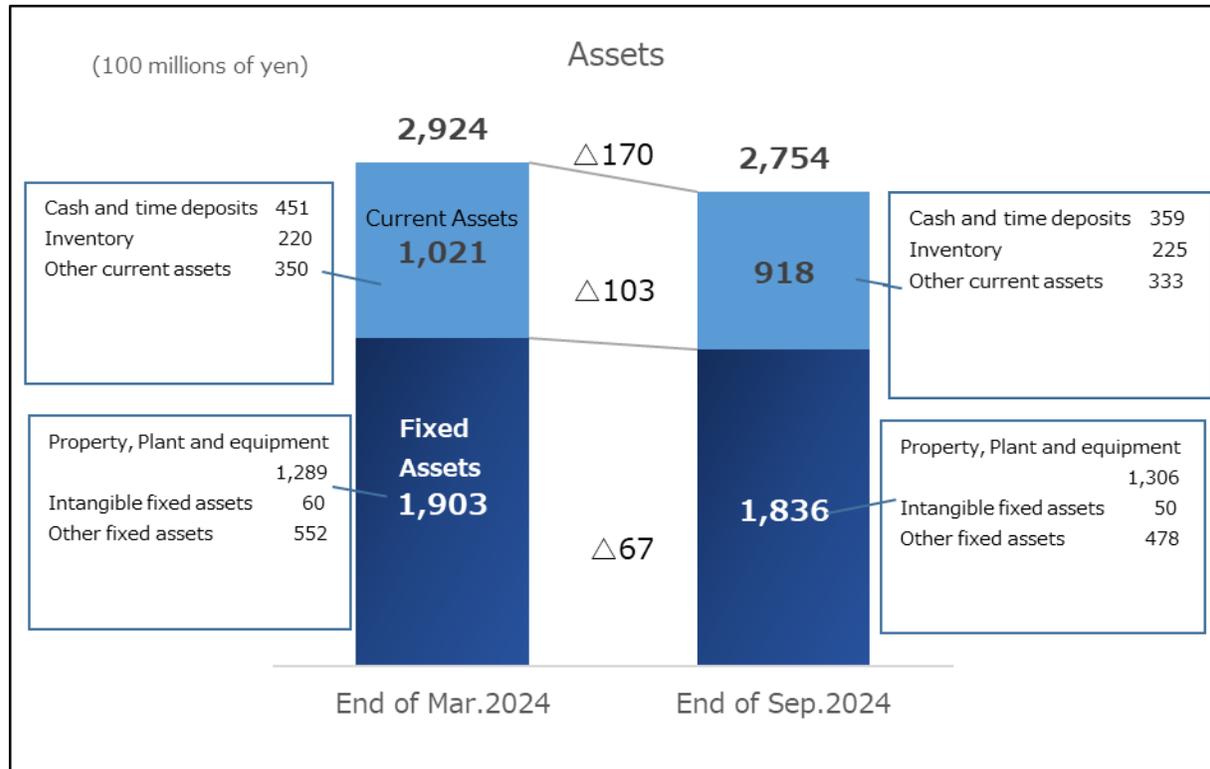
(100 millions of yen)



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 1st 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

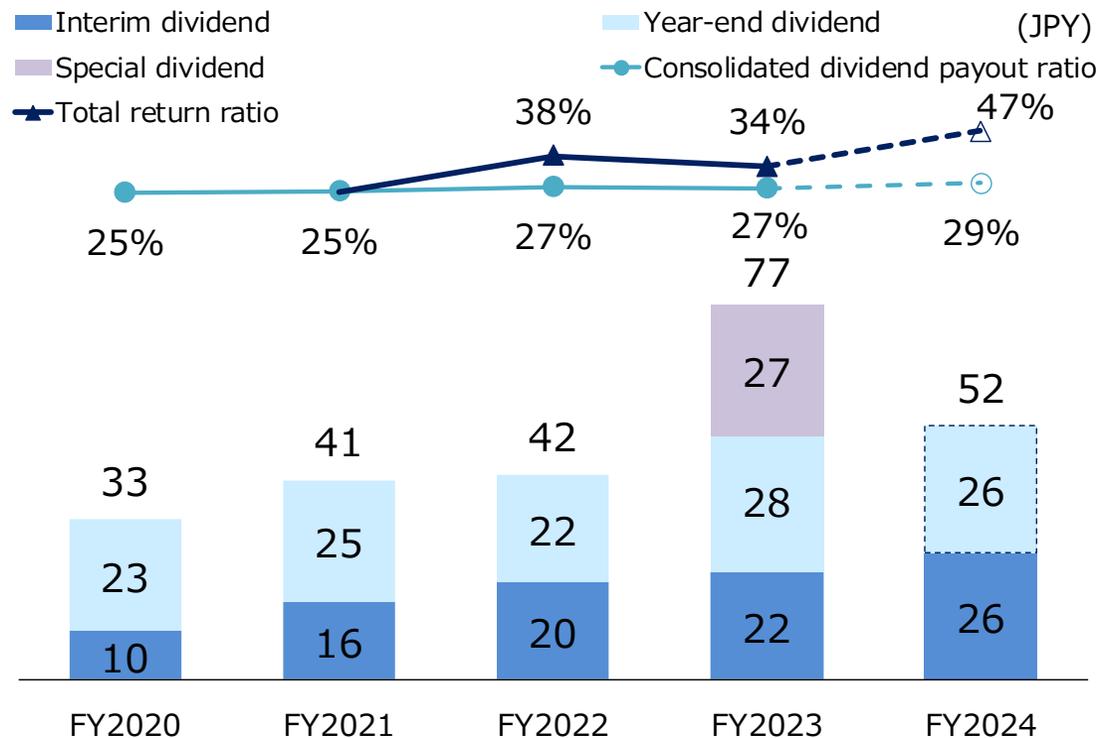
Promoting sustainability management

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)

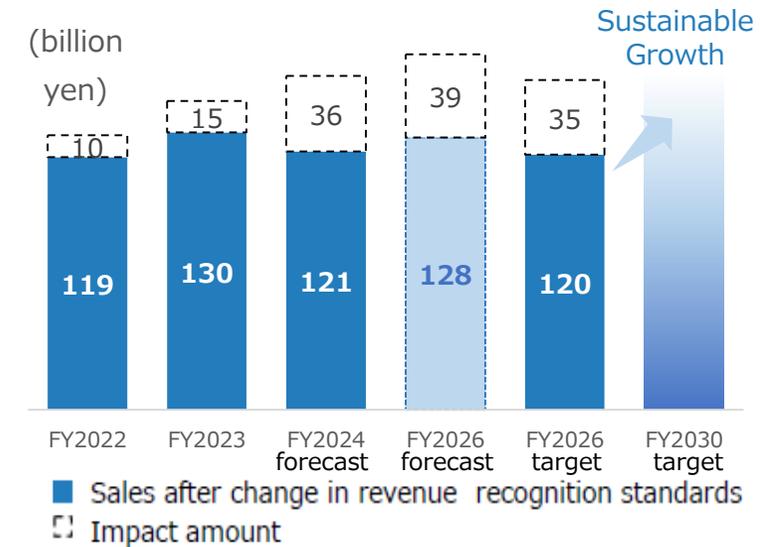
FY2023 results

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

Key measure

- 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



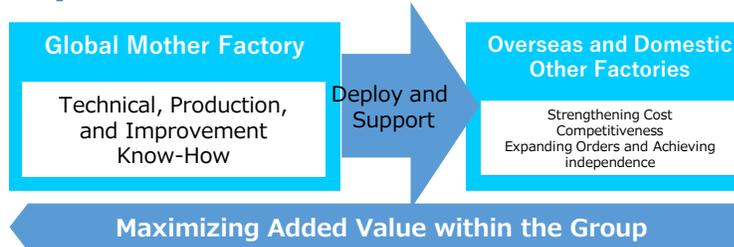
Higashi-Ogaki New Stamping Plant started operation



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

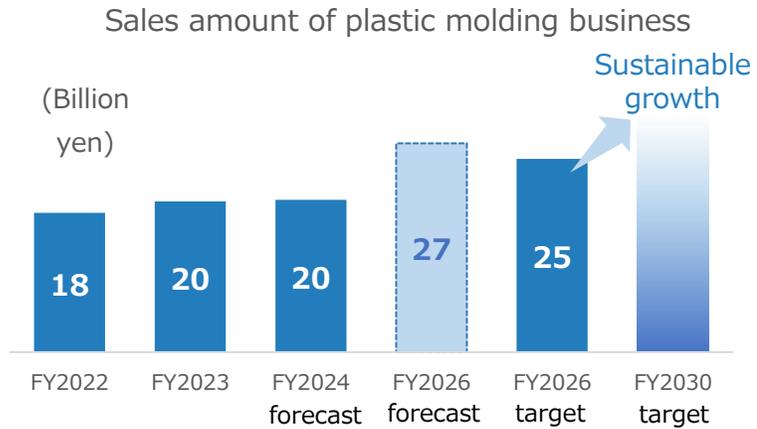
FY2022 18 **FY2026** 25 billion yen
CAGR 8.6%

FY2023 Result

Received orders for soundproof covers and decorative wheel parts for BEVs

Key measure

- 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

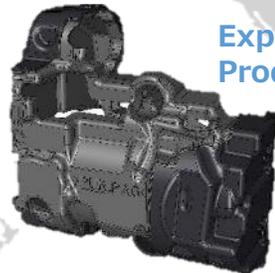


Aerodynamic Wheel Cap

Expanding Customers and Sales Regions

Expansion of Production Sites

Expansion of Sales and Product Lines



Soundproof Compressor Cover

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

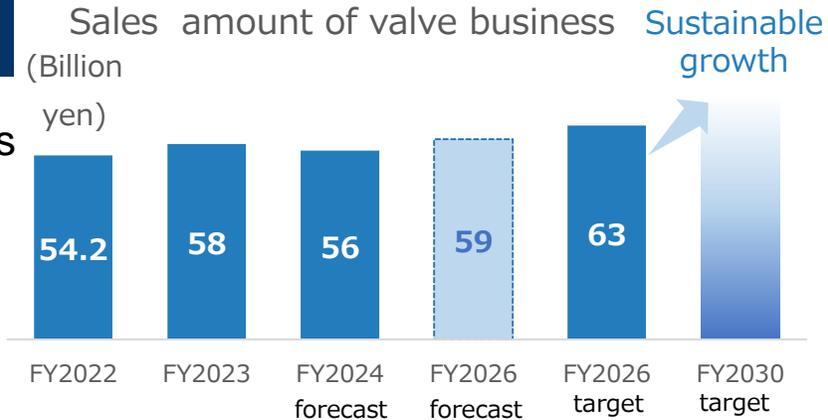
FY2022 54.2 **FY2026** 63 billion yen
CAGR 3.8%

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

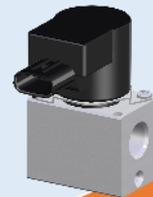


Valve New Factory Rendering

Expansion of Electronic Expansion Valve Variations

Providing Optimal Products Tailored to Diverse Customer Needs

Electronic Expansion Valve

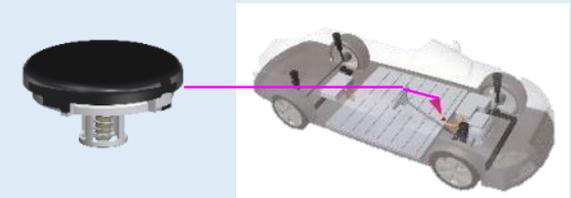


LIN-Control Type Electronic Expansion Valve



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

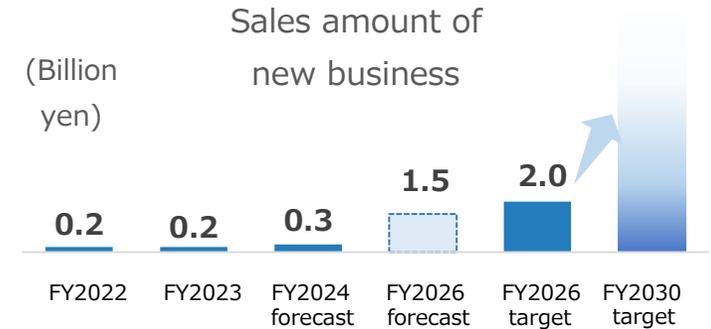
FY2026
15 cases ▶ **FY2030**
35 cases

FY2023 results

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



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

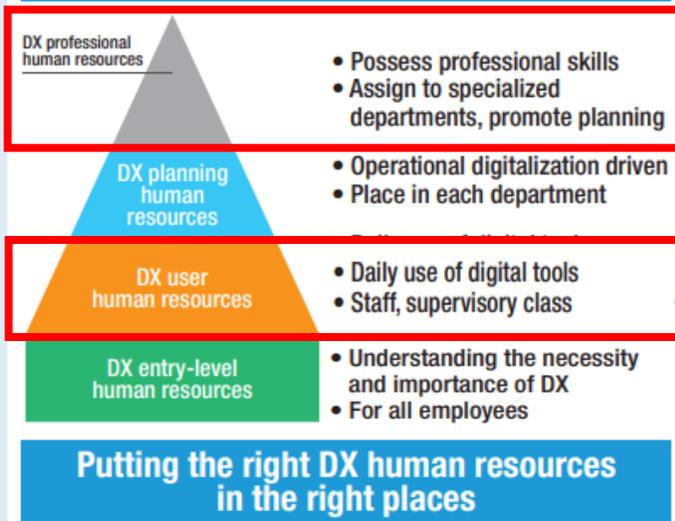
Through an in-house developed system by the digital department, we visualize the status of equipment and production lines, supporting management and improvement.



Digital Andon board (display board)

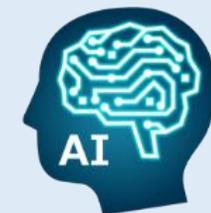
Centralized Operation Monitor

Company-wide DX human resources training and tier specific development



Establishing an AI Expert Team Structure

Promoting the Use of Generative AI



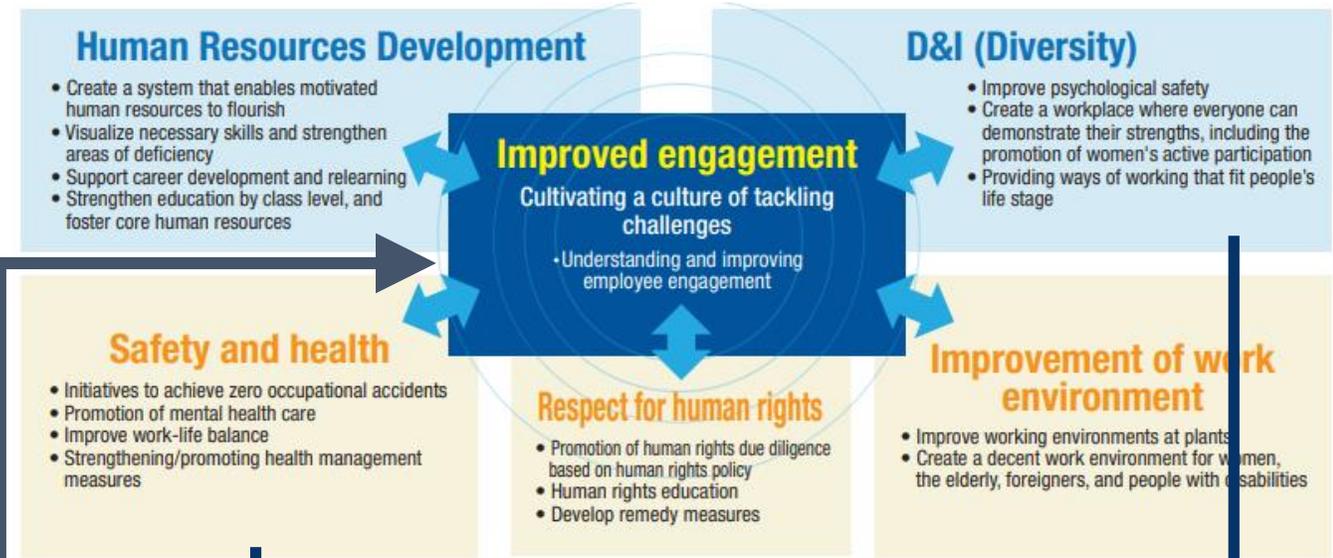
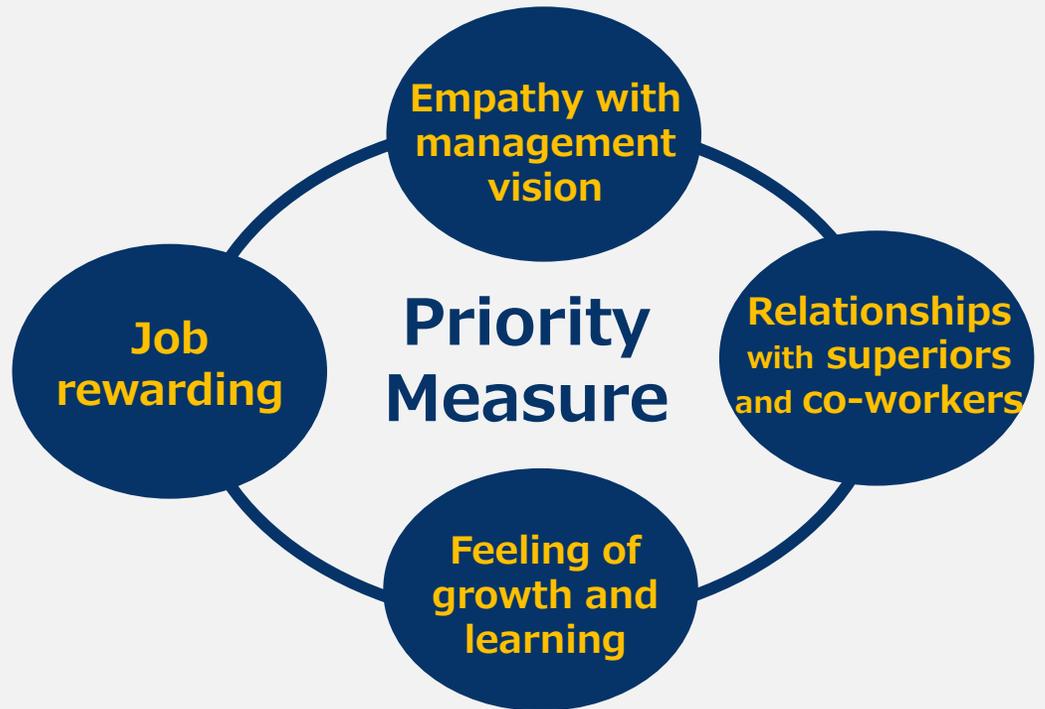
Putting the right DX human resources in the right places

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 3rd year in a row



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



3-10 Sustainability

Promoting sustainability and risk reduction efforts, and enhancing Information disclosure to increase corporate value.

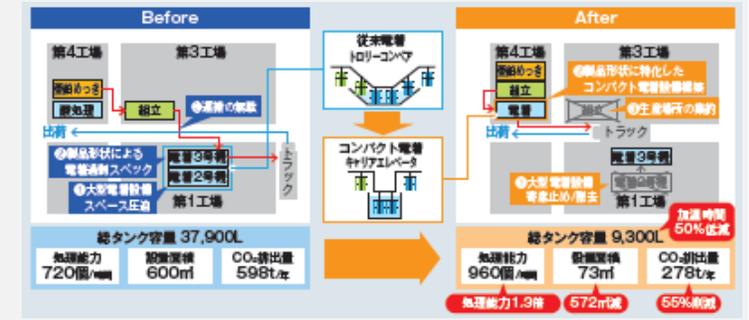
Actively introduce solar power generation

- Expanded at Higashi Ogaki Plant
 - First introduction in China at the Tianjin Business entities
- CO2 Reduction Effects
3,170t/year approx.
23% Renewable Energy Ratio for FY2023



Reducing CO2 emissions by compacting electrodeposition coating equipment.

- Cost saving
- Productivity improvement
- CO2 reduction 320t/year approx.



Implemented the disaster-use mat "MATOMAT" in all elementary schools in Ogaki City.

- Developed using urethane remnants from the production process ; upcycled product.
- Delivered 8,218 units to all 19 elementary schools in the Ogaki city.



Adopted in 5 out of 6 domestic stock ESG Indexes by GPIF



FTSE Blossom Japan Index

- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI Japan ESG Select Leaders Index
- S&P/JPX Carbon Efficient Index
- Morningstar Japan Gender Diversity Tilt-Index



思いをこめて、あしたをつくる

Passion in Creating Tomorrow