Financial Results Briefing for FY2024

The 101st period : Apr. 1st, 2024- Mar. 31st, 2025

May 8, 2025

Passion

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つくる

Create Tomorrow

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 FY2024 Consolidated Financial Summary

In the Q4, production recovery led to record high sales and operating income. However, due to a decrease in sales volume in the 1st half, both sales and income decreased for the full year.

(100 millions of yen, %)

	FY2023		FY2024		YoY rate			
	Q4 Results	Full Year Results	Q4 Results	**Full Year Results**	Q4 Gain&Loss	Q4 % Change	Full Year Gain&Loss	Full Year % Change
Sales	513	Record High 2,073	Record High 548	**2,061**	+34	+6.7	△12	△0.6
Operating Income	32	Record High 144	Record High 46	**136**	+13	+43.1	△7	△5.4
Operating Income Ratio	6.3%	7.0%	8.4%	**6.6%**	+2.1P	–	△0.4P	–
Ordinary Income	44	Record High 188	42	**172**	△2	△6.1	△15	△8.3
Ordinary Income Ratio	8.7%	9.1%	7.7%	**8.4%**	△1.0P	–	△0.7P	–
Net income attributable to owners parent	Record High 60	Record High 169	30	**132**	△29	△49.2	△37	△22.1
Net Income margin	11.8%	8.2%	5.6%	**6.4%**	△6.2P	–	△1.8P	–
Average exchange rate (USDJPY)	147.0	144.2	154.2	**152.5**	7.2	–	8.3	–

In Q4, thanks to a recovery in production volume and the weaker yen, net sales increased 6% YoY to JPY54.8 billion, and operating income rose JPY1.3 billion to JPY4.6 billion.

For the full year, net sales were JPY206.1 billion, operating income JPY13.6 billion, ordinary income was JPY17.2 billion, and the current net income JPY13.2 billion due to lower sales volume in H1.

1-2 Analysis of Consolidated Results : Sales

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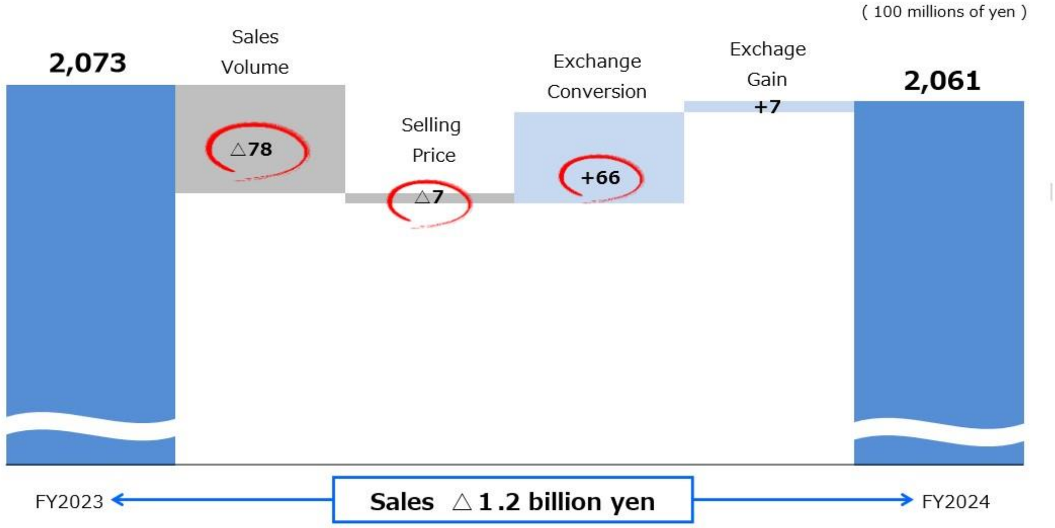
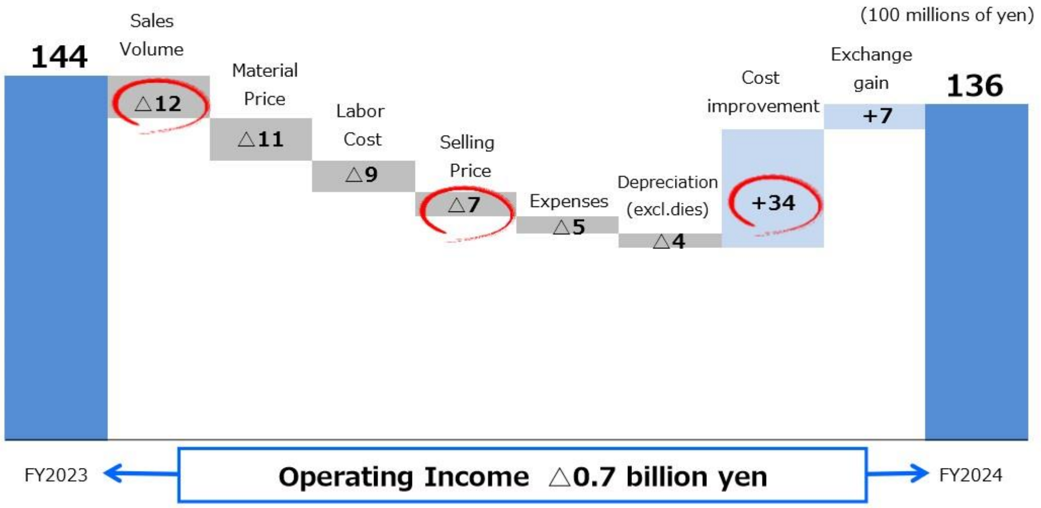
Sales decreased due to lower sales volume.



Net sales totaled JPY206.1 billion due to a lower sales volume and other factors, despite the positive impact of yen depreciation.

1-3 Analysis of Consolidated Results : Operating Income

Income decreased due to lower sales volume, price reductions, and increased costs, however it was covered by cost improvements.



Operating income decreased by JPY0.7 billion to JPY13.6 billion due to the negative impact of material prices, labor costs, and increased expenses along with the negative impact of sales volume and sales prices despite continued implementation of cost improvement measures.

1-4 Consolidated Results by Business Segments

In the Stamping and plastic molding business, both sales and income decreased.
In the Valve business, sales remained flat YonY and income increased.

(100 million yen,%)

	Sales				Operating Income			
	FY2023 Result	**FY2024 Result**	YoY Rate Gain&Loss	YoY Rate %Change	FY2023 Result	**FY2024 Result**	YoY Rate Gain&Loss	YoY Rate %Change
Stamping & Plastic Molding *1	1,499	**1,486**	△13	△0.9	103	**81**	△22	△21.4
Operating Income Ratio					6.9%	**5.5%**	△1.4P	
Valves *2	571	**572**	+1	+0.2	41	**55**	+14	+34.6
Operating Income Ratio					7.2%	**9.7%**	+2.5P	

<Analysis>

*1 Sales decreased due to lower volume, and income decreased due to lower volume and increased depreciation expenses.

*2 Despite the lower volume, sales remained flat YonY due to yen depreciation, and income increased due to reduced depreciation expenses.

Net sales in the stamping & plastic molding business were JPY148.6 billion due to the lower sales volume, and operating income JPY8.1 billion due to the lower sales volume and higher depreciation.

Sales in the valves business were JPY57.2 billion, the same level as the previous year due to the impact of the yen depreciation despite the lower sales volume, and operating income JPY5.5 billion due to a lower depreciation.

1-5 Consolidated Results by Region

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

(100 millions of yen, %)

	Sales				Operating Income			
	FY2023 Results	**FY2024 Results**	YonY Gain&Loss	YonY %Change	FY2023 Results	**FY2024 Results**	YonY Gain&Loss	YonY %Change
Japan *1	679	**684**	+4	+0.7	62	**54**	△7	△12.4
Operating Income Ratio					9.2%	**8.0%**	△1.2P	
Europe&America *2	969	**1,000**	+30	+3.1	43	**51**	+7	+18.2
Operating Income Ratio					4.4%	**5.1%**	+0.7P	
Asia *3	424	**376**	△47	△11.2	26	**26**	△0	△0.1
Operating Income Ratio					6.4%	**7.1%**	+0.7P	

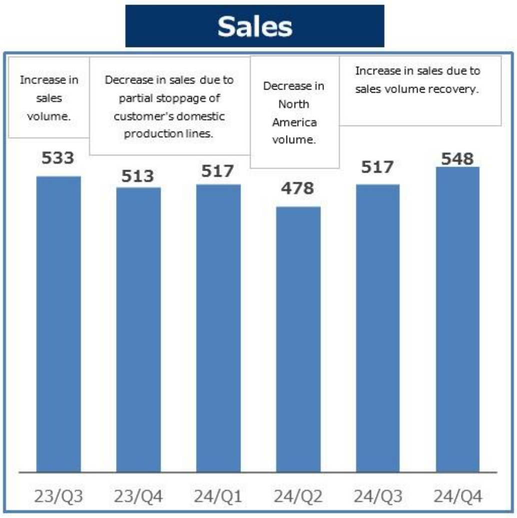
<Analysis>

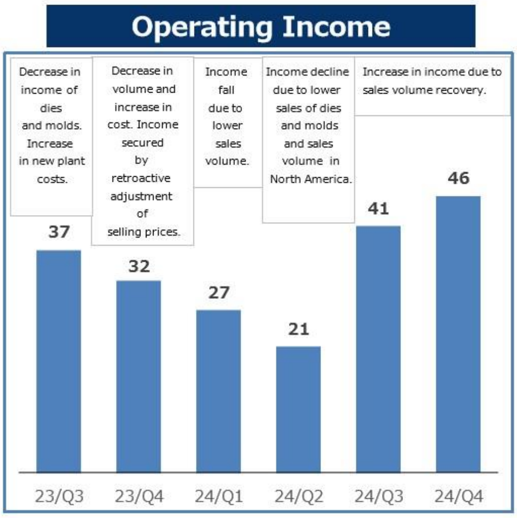
*1 Income decreased due to increase in depreciation expenses.
*2 Sales increased due to the weak yen, and income increased due to a decrease in depreciation expenses and proceed of price pass-through .
*3 Sales decreased due to a sales volume down and income remained flat due to a lower sales volume and decrease in depreciation expenses.

Sales in Japan were unchanged from the previous year at JPY68.4 billion; operating income declined JPY0.7 billion to JPY5.4 billion. Sales in Europe & America increased 3% to JPY100 billion, and operating income rose JPY0.7 billion to JPY5.1 billion. Sales in Asia declined 11% to JPY37.6 billion; operating income was flat YoY at JPY2.6 billion.

1-6 Quarterly Consolidated Financial Results

Both sales and income increased after the Q3 due to the production recovery in Japan and overseas.

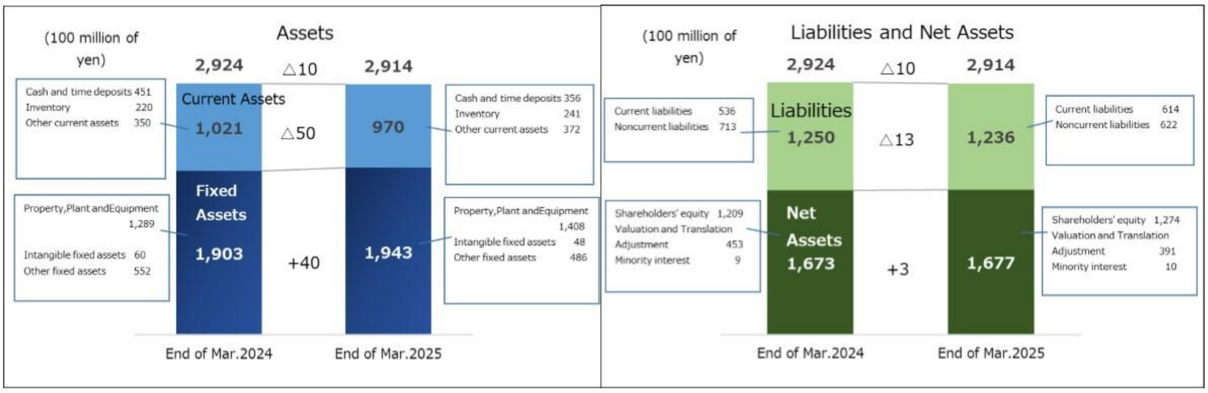




Since Q4 of FY2023, sales and operating income had been declining due to lower sales the volume, but since Q3 of FY2024, both sales and income have been recovering due to recovery in production in Japan and overseas.

1-7 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 Mar., they had fallen to 17.2%, including deemed shares.



Compared to the end of March 2024, total assets at the end of March 2025 decreased by JPY1 billion. As for the balance of cross-sharings, including deemed shareholdings, a percentage of net assets decreased from 22.7% at the end of March 2024 to 17.2% at the end of March 2025.

2-1 Full Year Forecast FY2025

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Expect both sales and income decrease due to yen appreciation.

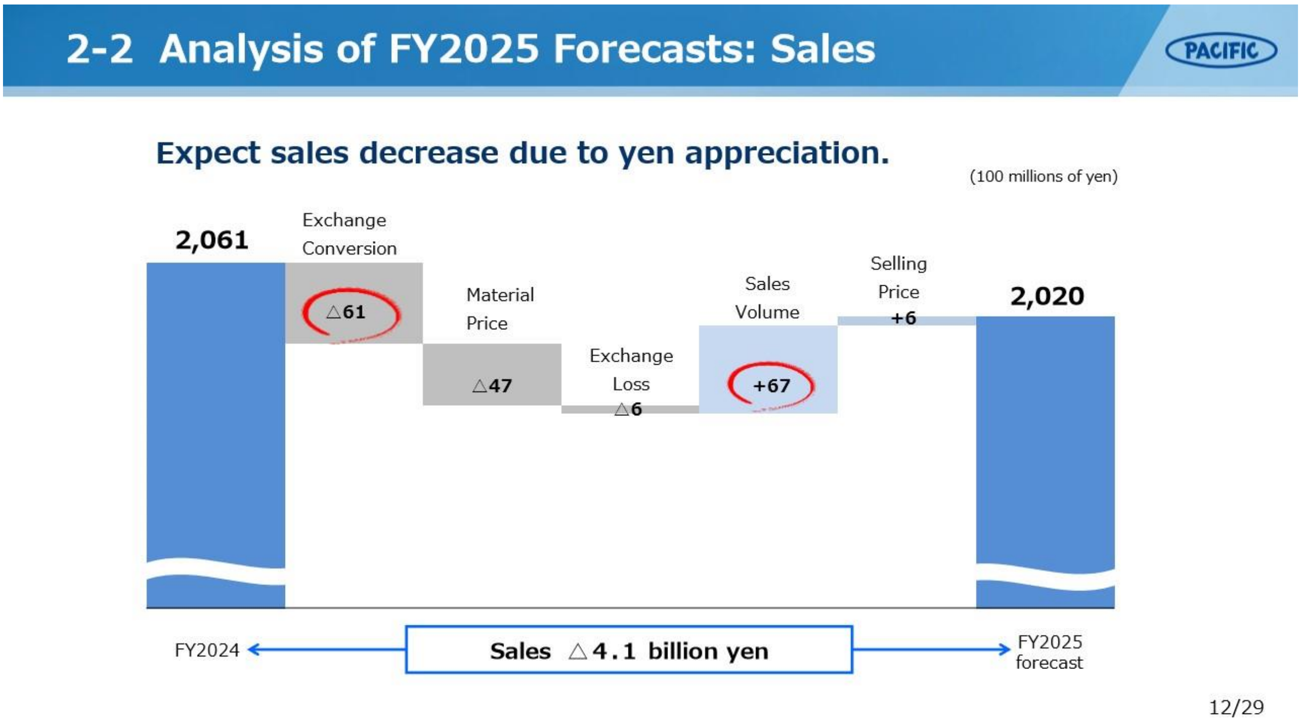
(100 millions of yen, %)

	FY2024		FY2025		YonY rate			
	Q2 Cumulative Results	Full Year Results	Q2 Cumulative Forecast	Full Year Forecast	Q2 Cumulative Gain&Loss	Q2 Cumulative %Change	Full Year Gain&Loss	Full Year %Change
Sales	995	2,061	1,010	**2,020**	+14	1.4%	△41	△2.0%
Operating Income	49	136	70	**130**	+20	42.8%	△6	△4.9%
Operating Income Ratio	4.9%	6.6%	6.9%	**6.4%**	+2.0P	–	△0.2P	–
Ordinary Income	64	172	80	**155**	+15	23.6%	△17	△10.3%
Ordinary Income Ratio	6.5%	8.4%	7.9%	**7.7%**	+1.4P	–	△0.7P	–
Current Net Income *1	53	132	55	**110**	+1	3.2%	△22	△16.8%
ROE	–	7.9%	–	**6.5%**	–	–	△1.4P	–
ROA (Operating income basis)	–	4.7%	–	**4.4%**	–	–	△0.3P	–
Net Assets per Share (JPY)	–	2,911	–	**3,042**	–	–	131.0	4.5%
Average exchange rate (USDJPY)	153.9	152.5	145.0	**145.0**	△ 8.9	–	△ 7.5	–

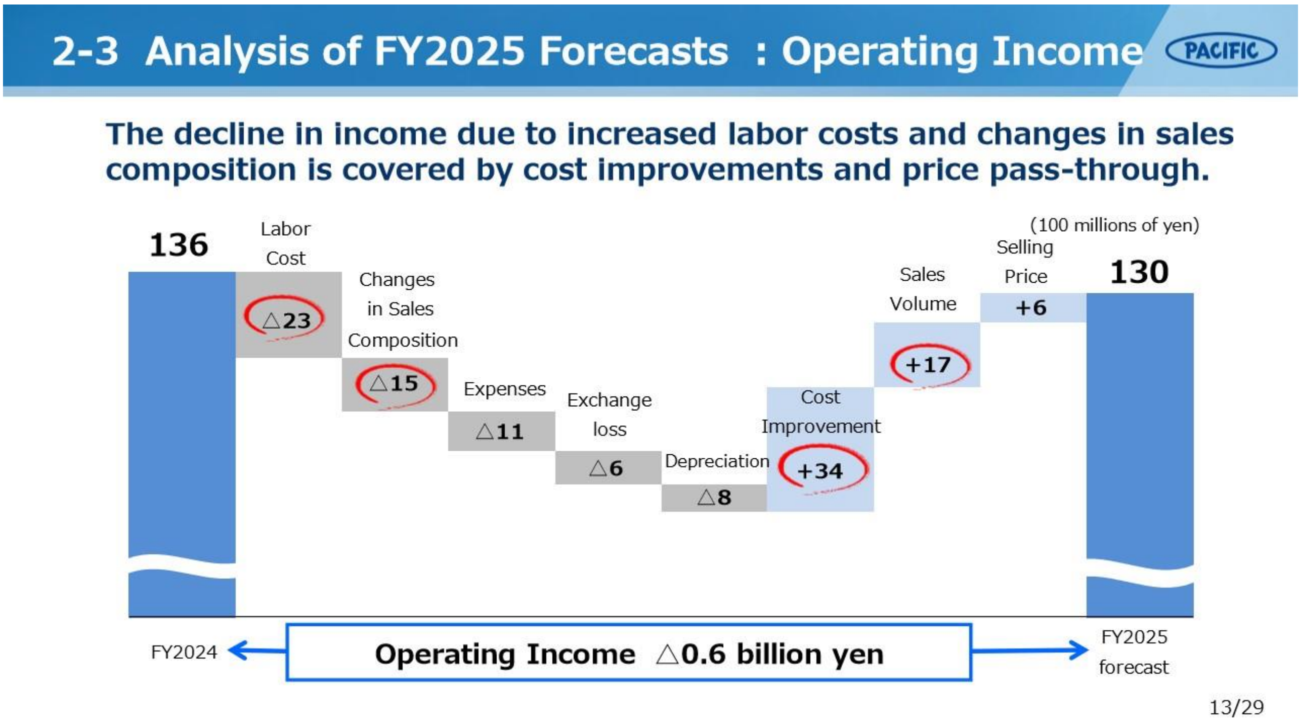
*1 Current net income is the current net income attributable to the parent company shareholders.

For the full year, we forecast net sales of JPY202.0 billion and operating income of JPY13 billion. Although we assume that automobile production volume will increase from the previous year, we assume an exchange rate of JPY145 to the dollar due to the stronger yen, and therefore we expect sales and income for the full year to decrease due to the impact of this exchange rate. Ordinary income is forecast at JPY15.5 billion and current net income at JPY11 billion.

In addition, the impact of the US tariff policy has not been factored into this forecast. Regarding our company's situation regarding the tariff policy, we have already exported some parts from Japan to US entities, but most of those parts are sold to Japanese manufacturers. We will therefore continue to monitor the situation closely.



And we forecast full-year net sales of JPY202 billion, down JPY4.1 billion from JPY206.1 billion in the previous year due to the stronger yen.



Although we plan to promote cost improvement, we forecast operating income of JPY13 billion for the full year due to cost increases such as increased labor costs resulting from wage hikes and the negative impact of TPMS product mix.

2-4 Consolidated forecasts by Segments

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In the Stamping and Plastic Molding Business, a decrease in sales and an increase in income are expected, while in the Valve Business, both sales and income are expected to decrease.

(100 million yen,%)

	Sales				Operating Income			
	FY2024 Result	**FY2025 Forecast**	YoY Rate Gain&Loss	YoY Rate %Change	FY2024 Result	**FY2025 Forecast**	YoY Rate Gain&Loss	YoY Rate %Change
Stamping & Plastic Molding	1,486	1,467	△19	△1.3	81	104	+22	+27.3
Operating Income Ratio					5.5%	7.1%	+1.6P	
Valves	572	550	△22	△3.9	55	27	△28	△51.3
Operating Income Ratio					9.7%	4.9%	△4.8P	

Net sales for the stamping & plastic molding business are forecast to be JPY146.7 billion, down due to the impact of the stronger yen; operating income is forecast to be JPY10.4 billion due to higher sales volume.

Sales in the valves business are also forecasted to decrease to JPY55 billion due to the stronger yen; operating income is forecast to decrease due to a change in a product mix of TPMS to JPY2.7 billion.

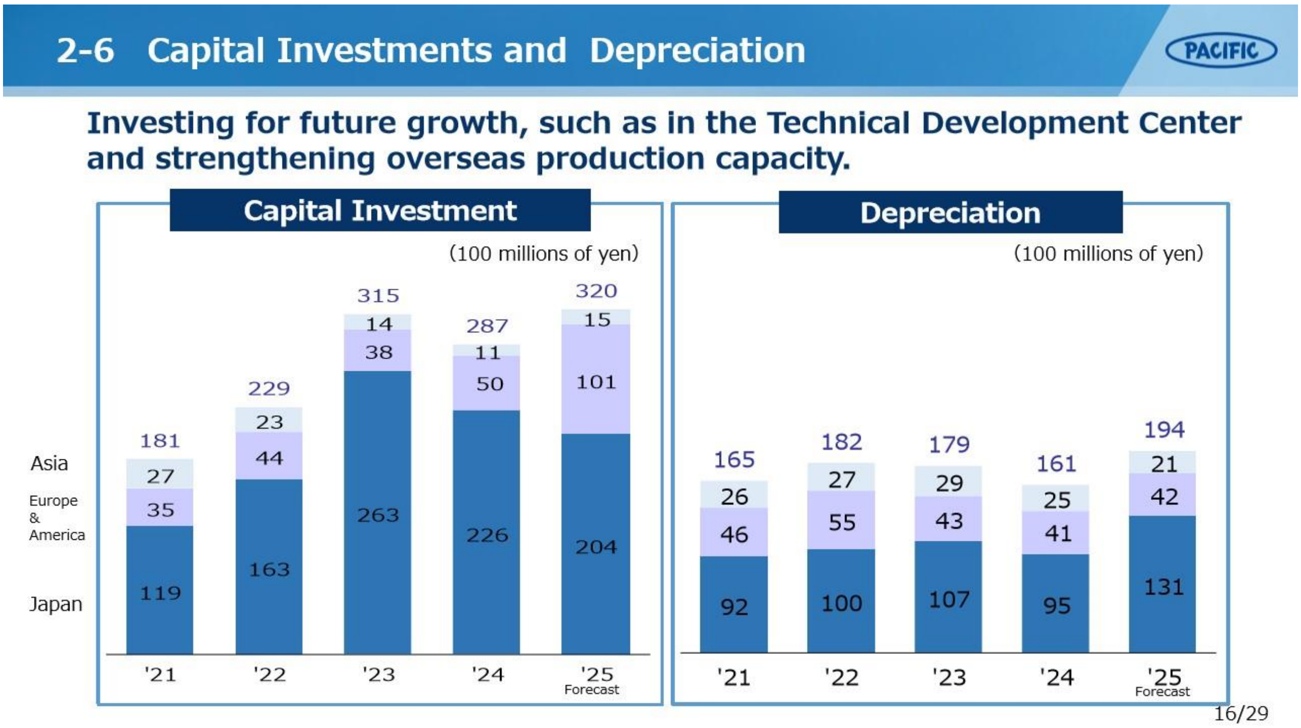
2-5 Consolidated Forecast by Region

Expect sales increase in Japan. Sales decrease in Europe and the U.S. of America. Both sales and income decrease in Asia.

(100 millions of yen,%)

	Sales				Operating Income			
	FY2024 Result	**FY2025 Forecast**	YoY Rate Gain&Loss	YoY Rate %Change	FY2024 Result	**FY2025 Forecast**	YoY Rate Gain&Loss	YoY Rate %Change
Japan	684	765	+80	+11.8	54	54	△0	△1.5
Operating Income Ratio					8.0%	7.1%	△0.9P	
Europe & America	1,000	905	△95	△9.5	51	49	△2	△3.9
Operating Income Ratio					5.1%	5.4%	+0.3P	
Asia	376	350	△26	△7.1	26	19	△7	△29.5
Operating Income Ratio					7.1%	5.4%	△1.7P	

We forecast sales in Japan of JPY76.5 billion and operating income of JPY5.4 billion. We forecast sales in Europe and America of JPY90.5 billion and operating income of JPY4.9 billion. We forecast sales in Asia of JPY35 billion and operating income of JPY1.9 billion.



We make growth-oriented capital investments for the future along with normal investments such as for production preparation and enhancement, and renewal. In FY2024, we invested JPY28.7 billion in the construction of a new valve factory, and a die and mold factory. In FY2025, we plan to invest JPY32 billion in the construction of a technology development center and a press plant at our Ohio site in the USA.

Considering an increase in orders from customers, we will increase our production capacity and also invest in building a more efficient production system to enhance our competitiveness.

2-7 Consolidated Cash Flows

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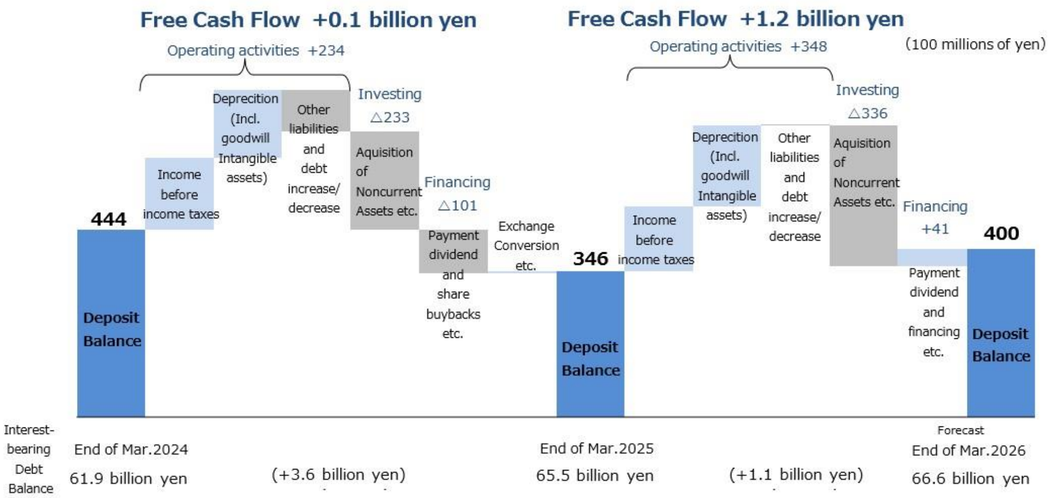
Efficient fund management was implemented by strengthening cash management within the group.



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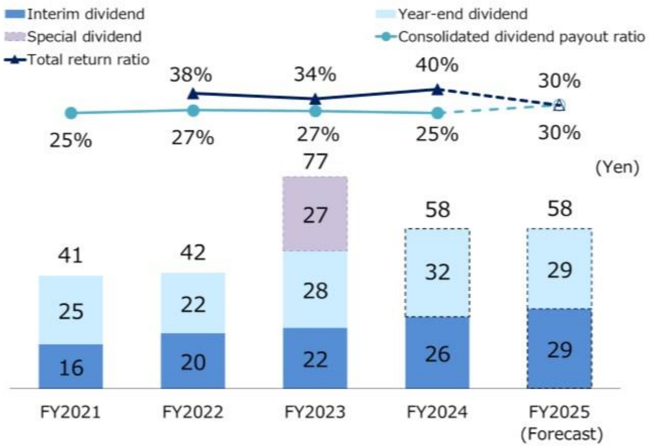
Regarding cash flow, we strengthen its internal cash management in the Group and promote efficient fund management.

In FY2024, deposit balance decreased by JPY9.8 billion due to the construction of a new valve plant, a mold and die plant, and a technical development center. In FY2025, we plan to continue to invest at a high level, but we expect a positive free cash flow of JPY1.2 billion, which will increase our deposit balance by JPY5.4 billion.

2-8 Shareholder Returns

The dividend for FY2024, considering income and financial conditions, was increased by 8 yen from the previous year's standard dividend of 50 yen. The total return ratio exceeded 40% in FY2024.

<Transition of Dividend per Share, Dividend Payout Ratio, and Total Return Ratio>



Considering the income and financial situation, we have decided to increase the dividend for FY2024 by JPY8 from the previous year's standard dividend of JPY50. The year-end dividend will be JPY32, for a total annual dividend of JPY58, for a total return ratio of 40%. The annual dividend for FY2025 is planned to be JPY58 per share.

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

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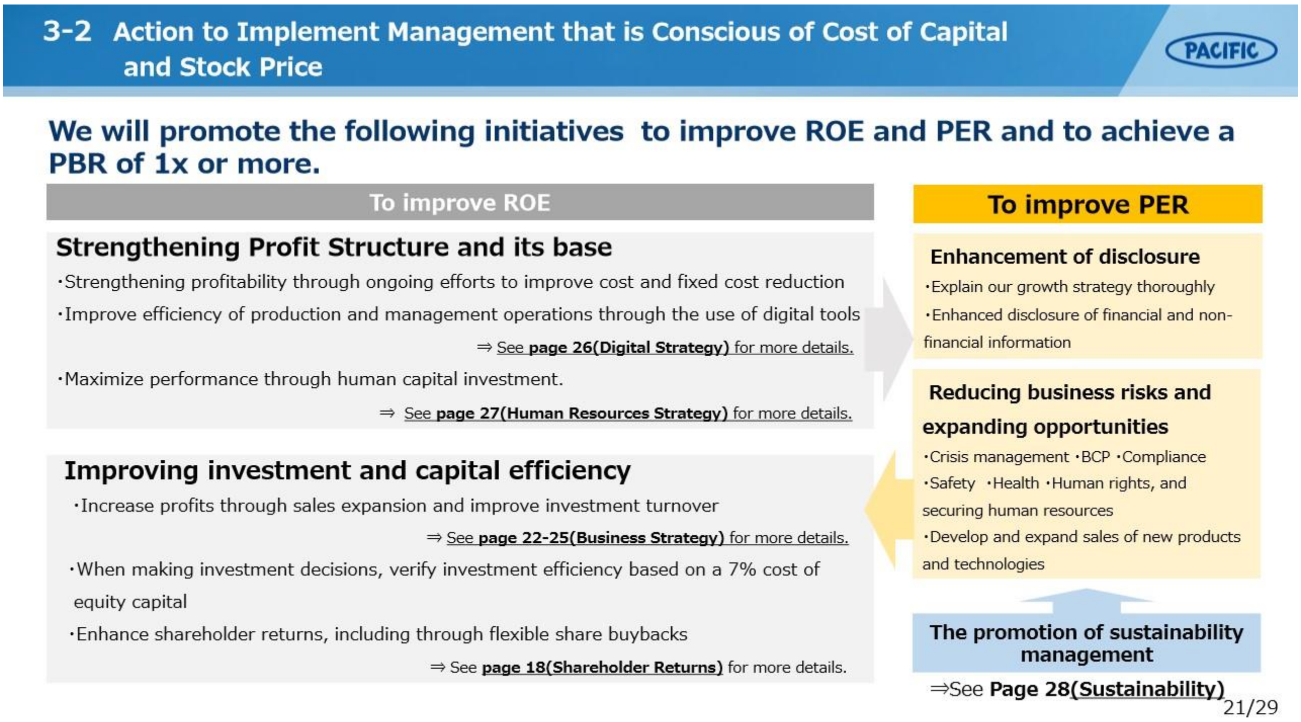
Promoting financial and non-financial targets in line with NEXUS 26 plan, and making steady progress toward achieving targets.

Financial value targets	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Forecast	FY2026 Targets
Sales	191.2 Billion Yen	207.3 Billion Yen	206.1 Billion Yen	202 Billion Yen	210 Billion Yen
Ratio of operating income to sales	4.9%	7.0%	6.6%	6.4%	7% or more
ROE	7.0%	11.2%	7.9%	6.5%	8% or more

Non-Financial value targets	FY2022 Results	FY2023 Results	FY2024 Results	FY2026 Targets
Sales ratio for electrified vehicles	29.1%	34.1%	43.6%	50%
No. of new products and services launched	1 case	7 cases	6 cases	15 cases from FY2023
Employee Engagement Positive Response Rate	-	48.2% 1st survey implementation	55.8%	60%
CO2 emissions (Scope 1 and 2, group, compared to FY2019)	Reduction 18.4%	Reduction 20.3%	Reduction 28.8% Provisional figures	Reduction 30%

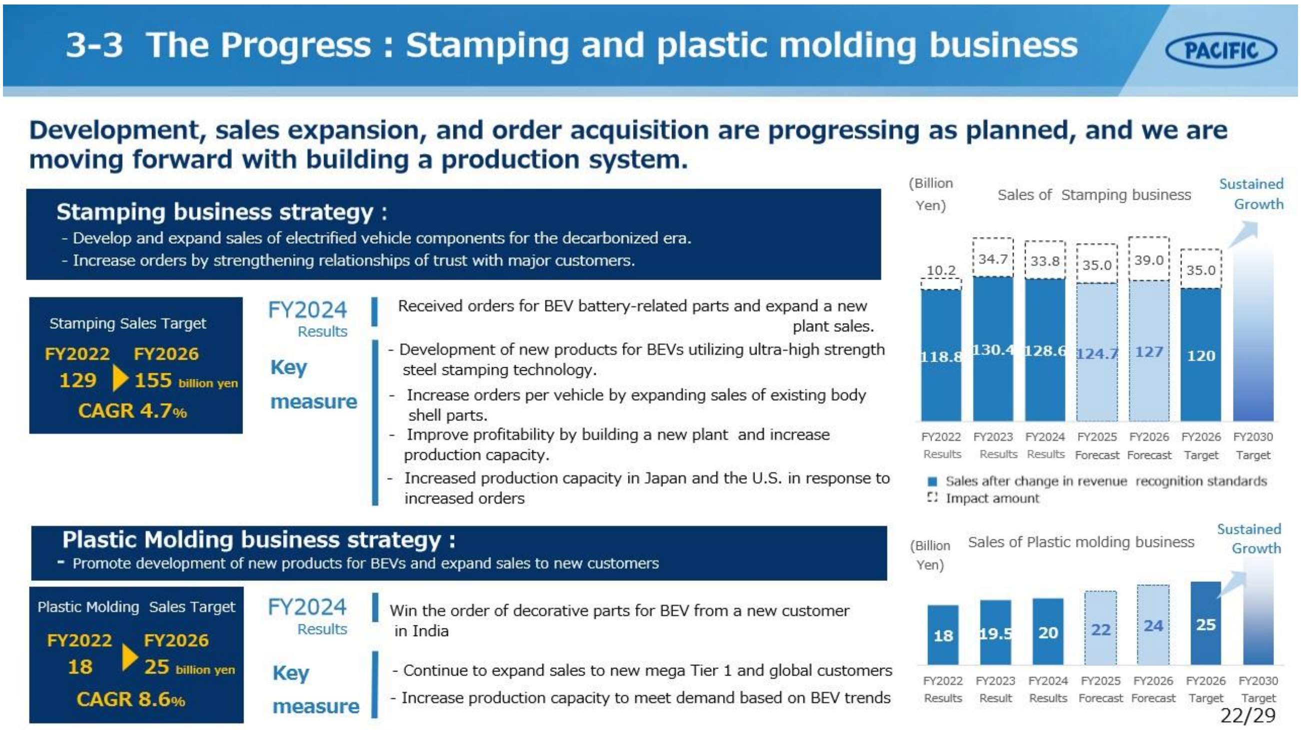
Under NEXUS-26, financial and non-financial value targets are set for the final year of FY2026. Progress against targets is being made steadily, including development, sales expansion, and other efforts to meet the FY2026 targets as well as non-financial efforts to enhance the business foundation, despite the impact of changes in the external environment on performance.



To achieve capital cost and stock-price-conscious management, we continue our efforts to improve ROE and PER.

To improve ROE, it is first necessary to enhance the earnings structure and foundation of the business. In addition, we consider it important to improve investment efficiency. And for investment projects we examine investment turnover increase and investment efficiency based on capital cost.

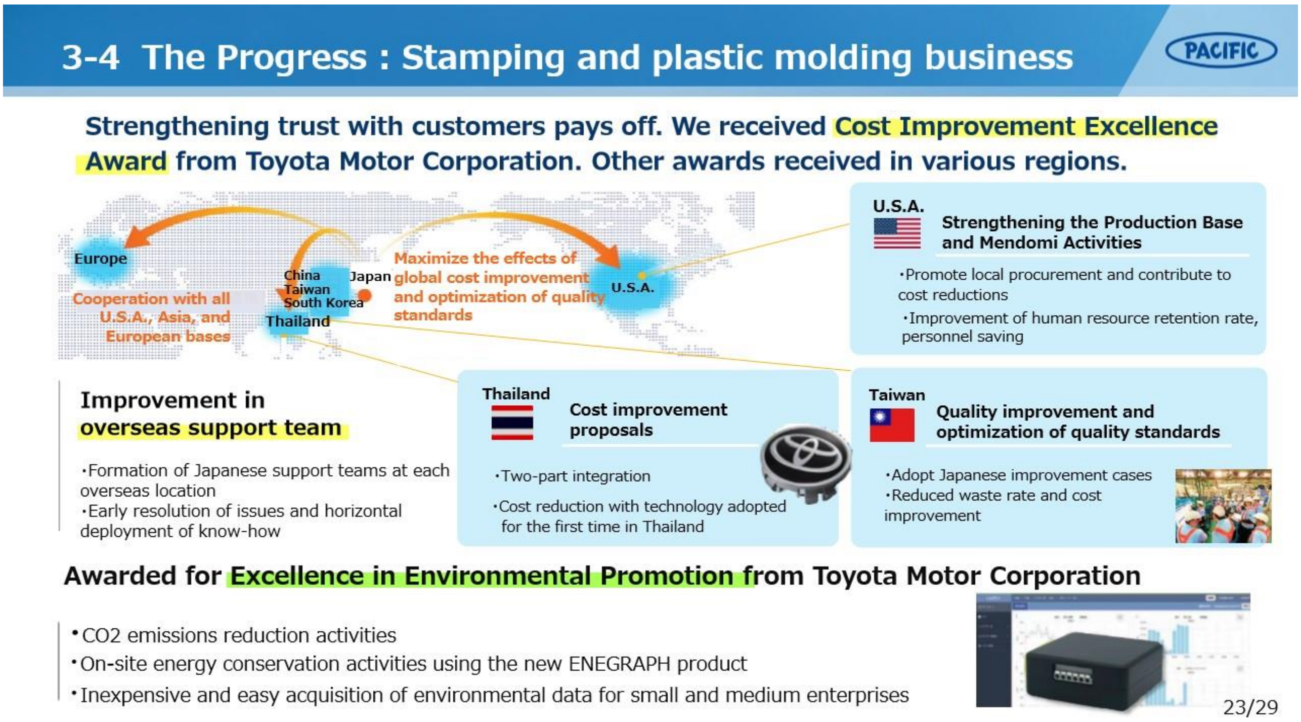
To improve PER, we enhance financial and non-financial disclosures, including digital and human resource strategies along with business strategies, to allow investors to fully understand our growth strategy. For that, we also reduce business risks and expand opportunities through the promotion of sustainability management.



In the stamping business, we aim to increase orders by expanding sales of new products and existing stamping parts for BEVs utilizing ultra-high strength steel stamping technology. The Higashi-Ogaki stamping plant, launched the year before last, is gradually increasing its operating rate and is expected to be in full operation by the end of this fiscal year. New orders in the USA are increasing, and therefore we are building a plant and installing stamping equipment to increase production capacity.

In the plastic modeling business, we aim to expand our business by developing new products and increasing sales for BEVs. Overseas, sales expansion has been also progressing steadily; we plan to start supplying decorative parts to India in FY2025. Although there are some uncertainties at the moment, including that car manufacturers review their policies on BEVs, we believe that over the long term, a trend that BEVs will continue to expand will not change.

While carefully monitoring future trends, we will continue to increase production capacity to meet demand.



In the stamping & plastic molding business, in addition to new development and sales expansion, strengthening relationships of trust with major customers is an important theme.

In the last fiscal year, we focused on global cost improvement, quality improvement, and CO_2 emission reduction efforts. We have accordingly received high praises from customers in Japan and overseas and have received many commendations from overseas entities as well.

Although it is a steady activity, we have created support teams at each site to promote and support communication with overseas sites to quickly resolve issues and horizontally spread Japanese know-how. Timely sharing information and resolving issues contribute to strengthening the competitiveness of the entire group.

We will continue these efforts to deepen relationships of trust with our customers and enhance our business foundation.

In the valves business, we are developing and expanding sales of valves for electrified vehicles on a global basis, recognizing the expanding market for BEVs and plug-in hybrid vehicles as an opportunity for growth.

The new plant, under construction since last year in anticipation of market expansion, will begin operations from May in stages. In addition, we have developed and received orders for relief valve for BEV battery as a new product for BEVs. We will begin supplying it this year to customers as a safety valve that relieves pressure when gas is generated in the battery pack. We will continue to expand sales so that more customers will adopt our products, going forward.

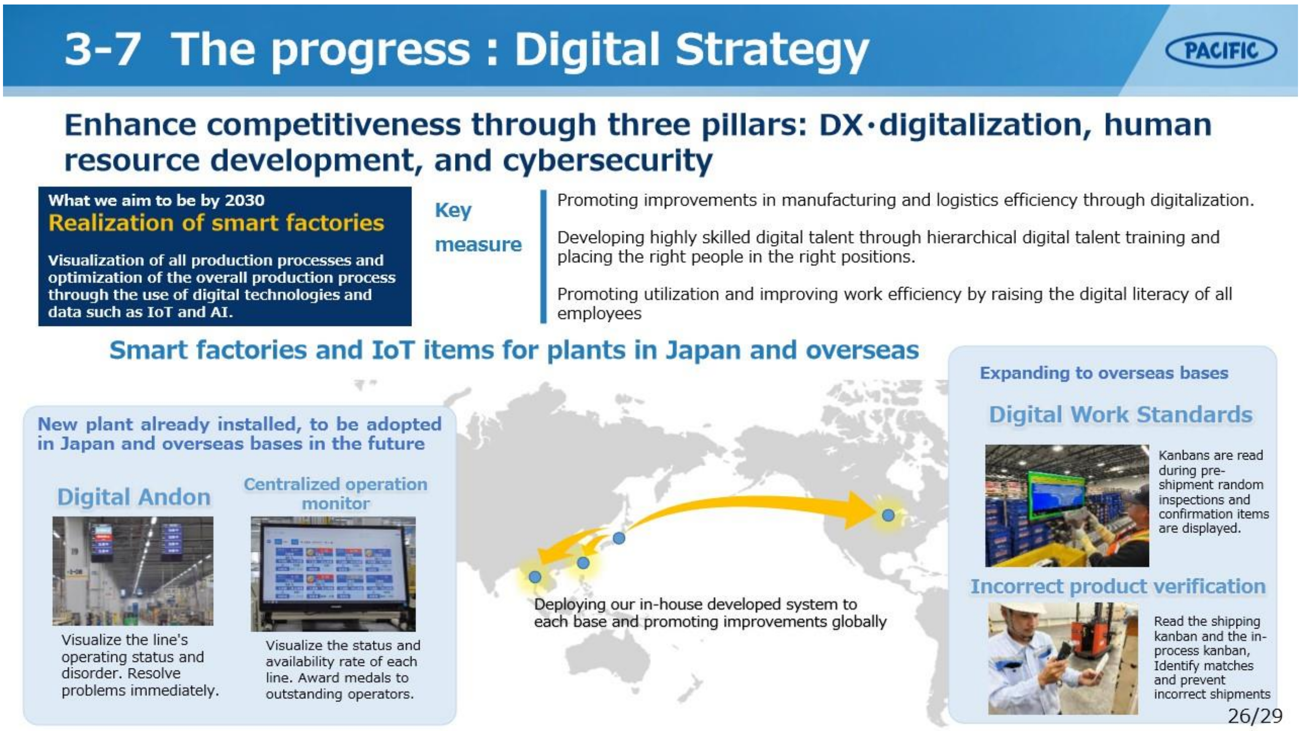
For TPMS, as part of our efforts to expand sales, we have started selling cap-type TPMS to the domestic aftermarket. The conventional valve-type TPMS are difficult to install by users themselves and are not widely used in Japan, where it is not regulated by law. The cap-type TPMS can be however easily installed by users themselves. And tire pressure can be checked at any time via a smartphone application. We hope to let drivers aware of the necessity and convenience of TPMS and to expand TPMS business in Japan.

In our new businesses, we develop various products with new ideas, focusing on businesses that are linked to solving social issues, to create pillars outside of the mobility domain.

Last year, we released 6 new products, including ENEGRAPH, which enables visualization of factory energy, and the BLE smartphone app type of e-WAVES, which monitors transportation quality.

MATOMAT, a disaster relief mat made by upcycling urethane scraps generated in our production process, has been highly acclaimed as a product that contributes to society, and has received awards from various quarters.

We will continue to take on the challenge of new products and businesses, using not only our own resources but also open innovation.



The digital strategy is to enhance competitiveness through three pillars: DX/digitalization, human resource development, and cybersecurity. We promote operational efficiency through digitalization with the aim of realizing a smart factory.

Systems developed in-house by the digital division are being horizontally expanded at domestic and overseas bases.

For example, as QR codes can be used to match part numbers at shipment, and manuals at production sites can be digitized for ease of use, we can streamline operations and increase competitiveness by utilizing them for on-site improvements globally.

For the human resources strategy, we have set a target of 60% in FY2026 and 70% in FY2030, using the positive response rate in the employee engagement survey as an indicator.

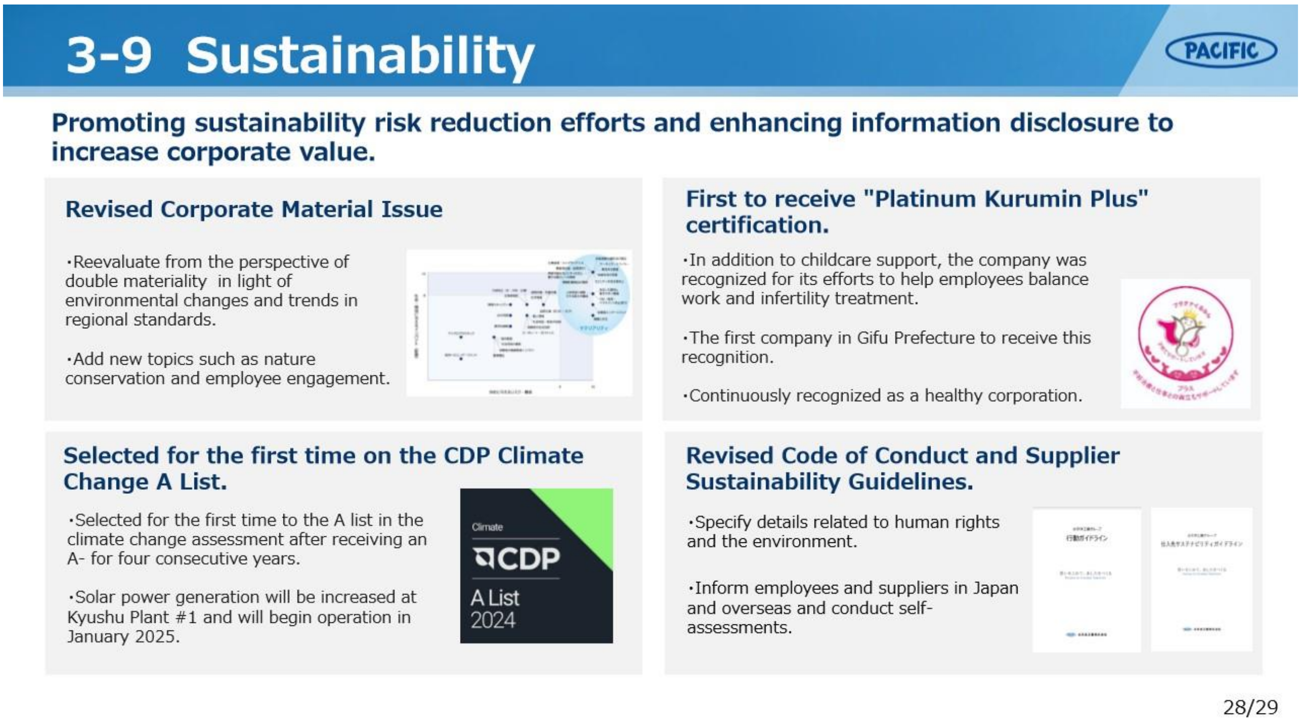
We have promoted four key measures to create a workplace where all employees can play an active role with a sense of purpose, and employee engagement has accordingly improved by 7.5 points from the previous survey. As a specific effort, we have increased opportunities for direct dialogue between employees and executives in order to deepen empathy for our management vision.

In addition, as part of efforts to enhance relationships with supervisors and coworkers, we promote the creation of a workplace with a high level of psychological safety where employees can easily express their frank opinions, through efforts such as education by job level and discussions at each workplace, as well as the importance of taking care of subordinates.

Furthermore, to enhance the sense of growth and learning, we provide learning opportunities by introducing web-based education and AI tools and developing new business creation projects that allow employees to challenge what they want to do.

Efforts to make work more rewarding include improving the workplace environment, such as air conditioning and lighting in factories, improving compensation for year-round hires, and enhancing dialogue regarding the evaluation system.

By continuing our efforts, we hope to create a good cycle of increased employee engagement, contributing to business growth and toward increasing corporate value.



Sustainability efforts include reducing business risks and enhancing information disclosure to enhance corporate value.

Material issues established in 2020 were revised in light of changes in the external environment, including the addition of nature conservation and employee engagement, which had been previously emphasized in our efforts.

Our efforts have received excellent evaluations from external organizations, and on the environmental aspect, we are the first company to have been awarded the highest rating of A-list in the CDP Climate Change category.

Regarding the creation of a workplace where everyone can work comfortably, which is connected to the human resources strategy mentioned earlier, we were the first company in Gifu Prefecture to be certified as Platinum Kurumin Plus in recognition of our efforts to balance work and infertility treatment. It has also been recognized as a healthy corporation for the fourth consecutive years.

We are also reviewing the code of conduct and the supplier sustainability guidelines with respect to human rights and the environment, incorporating internal and external changes. Through this review, we can promote sustainable activities together by further deepening the understanding of our employees and suppliers.

We will continue to pursue our purpose, "passion in creating tomorrow," and strive to further enhance our corporate value. We appreciate your continued support and understanding.