

Financial Results Briefing for FY2025 Q1

The 102st period : Apr. 1st, 2025- Jun. 30th, 2025

Jul. 25, 2025

PACIFIC INDUSTRIAL CO., LTD.



Speakers : Tetsushi Ogawa President, Member of the Board
Isao Takeshita Operating Officer
Satoshi Watanabe Senior General Manager, Accounting Department

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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 Q1 Consolidated Financial Summary



Increasing sales volume led to record high sales and operating income.

(100 millions of yen, %)

	FY2024 Q1 Results	FY2025 Q1 Results	YoY rate	
			Gain&Loss	% Change
Sales	517	Record High 526	+9	+1.8
Operating Income	27	Record High 44	+17	+61.4
Operating Income Ratio	5.4%	8.5%	+3.1P	-
Ordinary Income	51	49	△2	△4.3
Ordinary Income Ratio	9.9%	9.3%	△0.6P	-
Net income attributable to owners parent	Record High 42	34	△8	△19.7
Net Income margin	8.2%	6.5%	△1.7P	-
Average exchange rate (USDJPY)	154.6	145.0	-9.6	-

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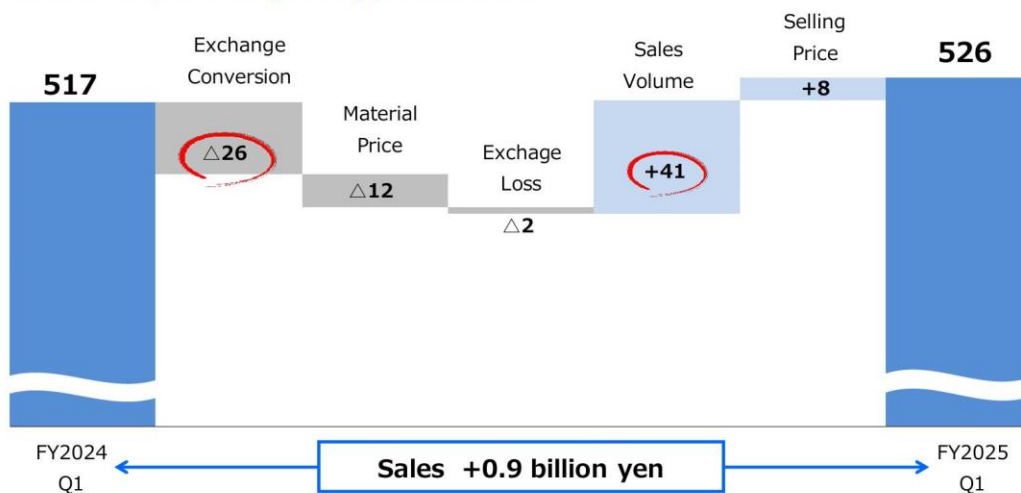
In the Q1 business environment, production by major customers remained strong and sales volume increased compared to the previous year. On the other hand, the yen continued to appreciate against the US dollar. As a result, the Group's net sales were JPY52.6 billion and operating income was JPY4.4 billion, up JPY1.7 billion from the previous year, both record highs for Q1. Ordinary income decreased JPY0.2 billion from the previous year to JPY4.9 billion, and net income decreased JPY0.8 billion to JPY3.4 billion.

1-2 Analysis of Consolidated Results : Sales



Sales reached a record high as an increase in sales volume offset the impact of yen appreciation.

(100 millions of yen)



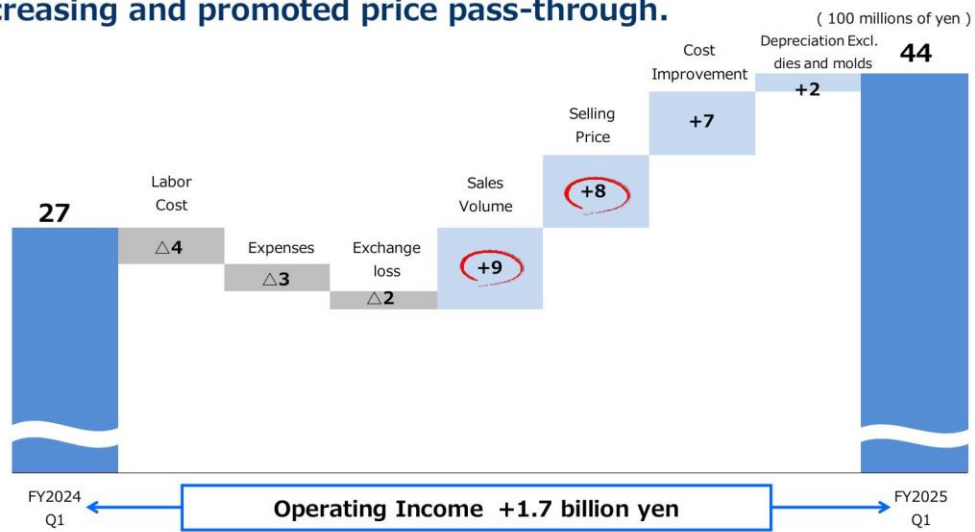
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Net sales increased JPY0.9 billion YoY to JPY52.6 billion, mainly due to the positive impact of the volume of products sold, despite a decrease in the foreign exchange effect caused mainly by the strong yen.

1-3 Analysis of Consolidated Results : Operating Income



Operating income reached a record high due to an sales volume increasing and promoted price pass-through.



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Operating income increased JPY1.7 billion YoY to JPY4.4 billion, mainly due to the impact of increased sales volume.

1-4 Consolidated Results by Business Segments



In the stamping and plastic molding business, both sales and profits increased due to an increase in the volume of products.

In the valve business, sales remained flat YoY, but income declined due to yen appreciation.

(100 million yen,%)

	Sales				Operating Income			
	FY2024 Q1	FY2025 Q1	YoY Rate		FY2024 Q1	FY2025 Q1	YoY Rate	
	Result	Result	Gain&Loss	%Change	Result	Result	Gain&Loss	%Change
Stamping & Plastic Molding	373	382	+8	+2.4	14	33	+19	+129.7
Operating Income Ratio					4.0%	8.9%	+4.9P	
Valves	143	143	+0	+0.3	13	11	△2	△15.5
Operating Income Ratio					9.2%	7.8%	△1.4P	

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In the stamping and plastic molding business, net sales increased 2% YoY to JPY38.2 billion and operating income increased JPY1.9 billion to JPY3.3 billion due to an increase in sales volume, despite a decrease due to the strong yen. In the valves business, net sales were JPY14.3 billion, the same level as the previous year, due to an increase in material volume and the effect of yen appreciation, while operating income decreased by JPY0.2 billion to JPY1.1 billion, mainly due to the effect of yen appreciation.

1-5 Consolidated Results by Region



**In Japan, sales and income increased due to higher sales volume.
In Europe and U.S of America, sales decreased due to yen appreciation,
while income increased due to higher sales volume.
In Asia, sales and income remained flat YonY.**

(100 millions of yen, %)

	Sales				Operating Income			
	FY2024 Q1 Results	FY2025 Q1 Results	YoY Rate Gain&Loss	%Change	FY2024 Q1 Results	FY2025 Q1 Results	YoY Rate Gain&Loss	%Change
Japan	162	174	+12	+7.6	8	14	+5	+65.5
Operating Income Ratio					5.2%	8.0%	+2.8P	
Europe & America	271	265	△5	△1.9	13	23	+9	+73.3
Operating Income Ratio					5.0%	8.8%	+3.8P	
Asia	83	85	+1	+2.3	4	6	+2	+49.7
Operating Income Ratio					5.4%	8.0%	+2.6P	

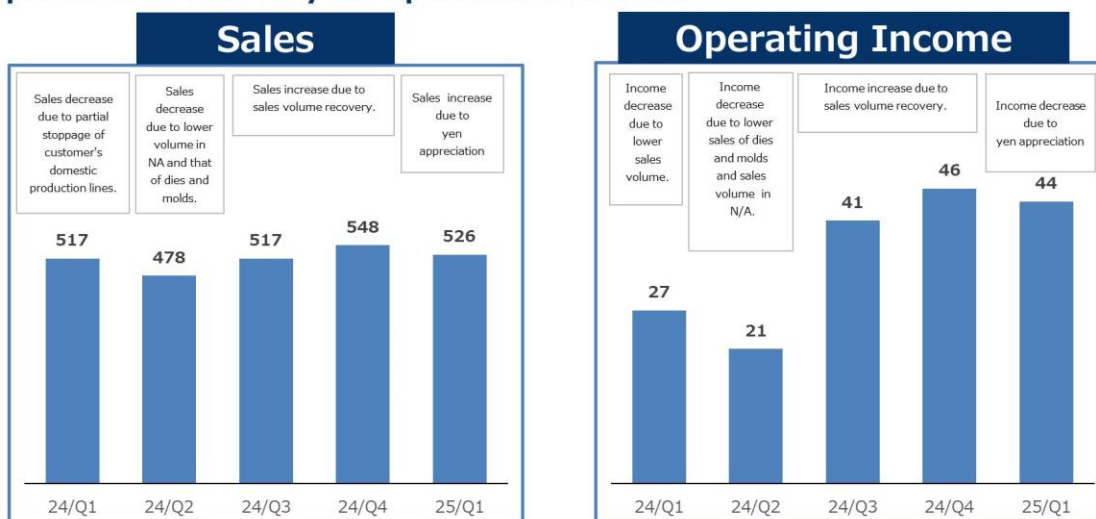
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Sales in Japan increased 7% YoY to JPY17.4 billion, and operating income increased JPY0.5 billion to JPY1.4 billion. Sales in Europe and America declined 2% to JPY26.5 billion, while operating income increased JPY900 million to JPY2.3 billion. Sales in Asia increased 2% to JPY8.5 billion and operating income increased JPY200 million to JPY600 million.

1-6 Quarterly Consolidated Financial Results



Both sales and income increased after the Q3 of FY2024 due to the production recovery in Japan and overseas.



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Sales and profits were down due to a decrease in the volume of goods sold from the Q1 to Q2 of FY2024, but since Q3 of FY2024, both sales and profits have been recovering due to a recovery in production in Japan and overseas.

1-7 Consolidated Balance Sheet



Total assets at the end of June 2025 decreased by 2.2 billion yen compared to the end of March 2025.

(100 millions of yen)				(100 millions of yen)			
Assets				Liabilities and Net Assets			
	2,914	△22	2,891		2,914	△22	2,891
Cash and time deposits 356 Inventory 241 Other current assets 372	Current Assets 970	△32	938	Current liabilities 614 Noncurrent liabilities 622	Liabilities 1,236	△15	1,220
Property, Plant and Equipment 1,408 Intangible fixed assets 48 Other fixed assets 486	Fixed Assets 1,943	+9	1,952	Shareholders' equity 1,274 Valuation and Translation Adjustment 391 Minority interest 10	Net Assets 1,677	△6	1,670
				Current liabilities 640 Noncurrent liabilities 579			
				Shareholders' equity 1,289 Valuation and Translation Adjustment 369 Minority interest 10			
	End of Mar.2025		End of Jun.2025		End of Mar.2025		End of Jun.2025

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As for the consolidated balance sheet, total assets decreased by JPY2.2 billion as of June 30, 2025 compared to March 31, 2025.

2-1 Full Year Forecast FY2025



Forecast remains unchanged. Expect both sales and income decrease due to yen appreciation.

(100 millions of yen, %)

	FY2024	FY2025	YoY Rate	
	Full Year Results	Full Year Forecast	Full Year Gain&Loss	Full Year %Change
Sales	2,061	2,020	△41	△2.0%
Operating Income	136	130	△6	△4.9%
Operating Income Ratio	6.6%	6.4%	△0.2P	—
Ordinary Income	172	155	△17	△10.3%
Current Net Income ^{*1}	132	110	△22	△16.8%
R O E	7.9%	6.5%	△1.4P	—
R O A (Operating income basis)	4.7%	4.4%	△0.3P	—
Average exchange rate (USDJPY)	152.5	145.0	△ 7.5	—

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

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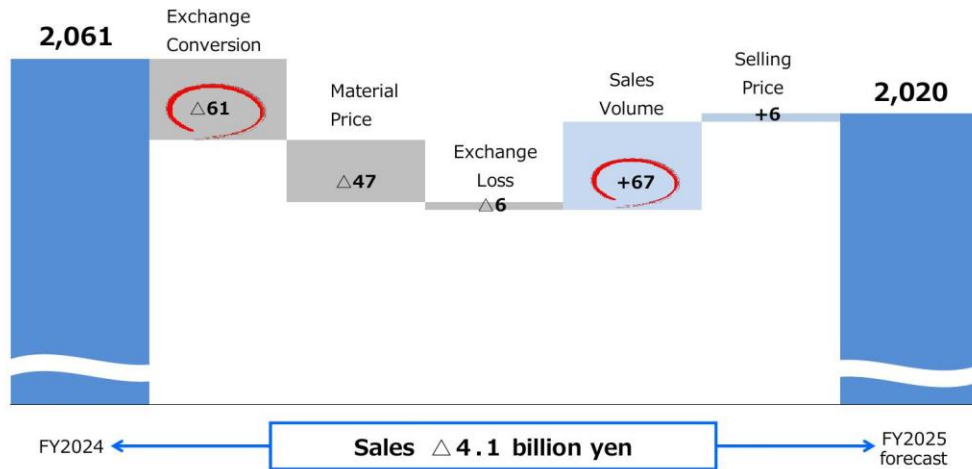
The full-year forecast remains unchanged from the previous forecast, with net sales of JPY202 billion and operating income of JPY13 billion. Although we expect automobile production to increase from the previous year, due to the strong yen, our forecast for Q2 and beyond is based on the assumption of JPY145 to the dollar, which will result in lower sales and profits for the full year. Ordinary income is projected at JPY15.5 billion and net income at JPY11 billion.

2-2 Analysis of FY2025 Forecasts: Sales



Expect sales decrease due to yen appreciation.

(100 millions of yen)



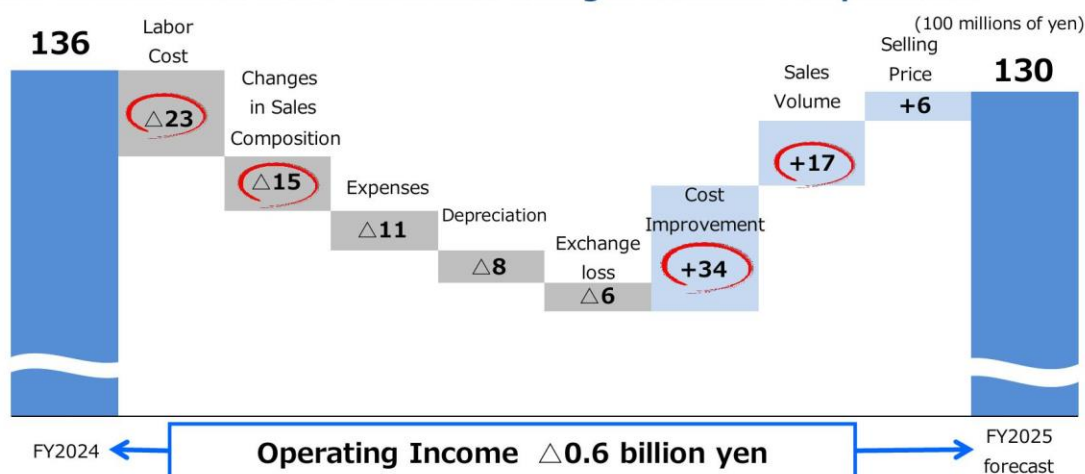
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For the full year, we forecast net sales of JPY202 billion, down JPY4.1 billion from JPY206.1 billion in the previous year, due to the strong yen.

2-3 Analysis of FY2025 Forecasts : Operating Income

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Cost improvements and price pass-through covered the income decrease due to increased labor costs and changes in sales composition.



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Although we plan to promote cost improvement, we forecast full-year operating income of JPY13 billion, down JPY0.6 billion from JPY13.6 billion in the previous year, due to higher labor costs resulting from wage hikes and other cost increases, as well as the negative impact of TPMS' product mix.

2-4 Consolidated forecasts by Segments



In the Stamping and Plastic Molding Business, 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		FY2024 Result	FY2025 Forecast	YoY Rate	
			Gain&Loss	%Change			Gain&Loss	%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	

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The stamping and plastic molding business is projected to post sales of JPY146.7 billion and operating income of JPY10.4 billion. The valves business is projected to generate JPY55 billion in sales and JPY2.7 billion in operating income.

2-5 Consolidated forecasts 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,%)

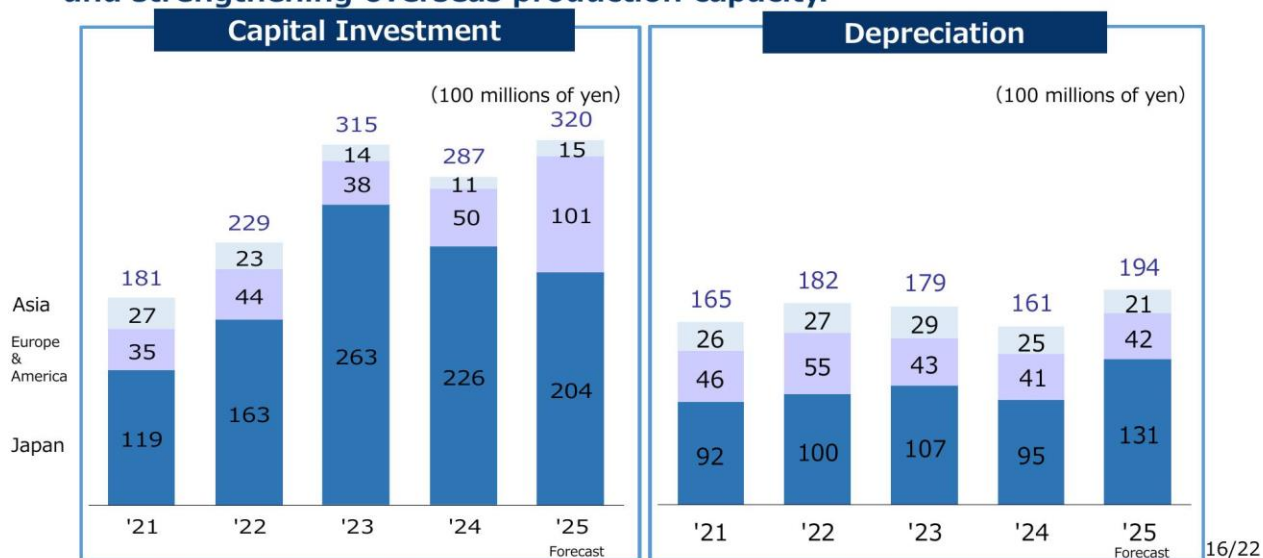
	Sales				Operating Income			
	FY2024 Result	FY2025 Forecast	YoY Rate		FY2024 Result	FY2025 Forecast	YoY Rate	
			Gain&Loss	%Change			Gain&Loss	%Change
Japan	684	765	+80	+11.8	54	54	+0	△1.5
Operating Income Ratio					8.0%	7.1%	△0.9P	
Europe & America	1,000	905	△95	△9.5	51	49	△2	△3.9
Operating Income Ratio					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	

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The forecast for Japan is JPY76.5 billion in sales and JPY5.4 billion in operating income; for Europe and America, JPY90.5 billion in sales and JPY4.9 billion in operating income; and for Asia, JPY35 billion in sales and JPY1.9 billion in operating income.

2-6 Capital Investments and Depreciation

Investing for future growth, such as in the Technical Development Center and strengthening overseas production capacity.



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Capital investments are made for future growth in addition to normal investments in production preparation, improvement, and renewal. In FY2025, we plan to invest JPY32 billion in the construction of the Technical Development Center in Japan and a stamping plant at our Ohio location in the US.

3-1 Summary of the Tender Offer for Our Company's Shares



CORE Inc. announced today that it will commence a tender offer (the "Tender Offer") for our company's shares. The Tender Offer will be implemented as part of a management buyout (MBO) by Mr. Shinya Ogawa, Chairman and Representative Director of our company, and Mr. Tetsushi Ogawa, President and Representative Director of our company.

Summary of the Tender Offer

Items	Details
Offeror	CORE Inc. - Mr. Tetsushi Ogawa, Representative Director - A kabushiki kaisha established on March 3, 2025, having as its primary business the acquisition and possession of our company's shares and share acquisition rights
Scheme	A tender offer for our company's shares and share acquisition rights to privatize our company (to delist our company's shares)
Price of tender offer, etc.	2,050 yen per share of ordinary share/1 yen per share acquisition right
Number of shares planned for purchase	Maximum: None Minimum: 35,841,900 shares
Period of Tender Offer	From July 28, 2025 (Mon) to September 8, 2025 (Mon) (30 business days)
Settlement commencement date	September 16, 2025 (Tue)

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3-2 Opinion concerning the Tender Offer



The company's Board of Directors adopted a resolution at its meeting held today that we will state our opinion in support of the Tender Offer and that we will recommend that shareholders tender their shares in the Tender Offer and leave the decision on whether to tender share acquisition rights to the holders of share acquisition rights in the Tender Offer.

Matters resolved by the company's Board of Directors concerning the Tender Offer

Matters resolved	Reasons
Opinion in support.	<ul style="list-style-type: none"> The automobile industry is undergoing a period of great change and it is indispensable to proactively and quickly implement medium-to-long-term management measures to enhance the corporate value in the medium- to long-term as an entity with a "Passion in Creating Tomorrow." On the other hand, these measures will not immediately contribute to the business performance, but that considerable time and upfront investment will be necessary, and there is a risk of a temporary decline in profit levels and deterioration of cash flow, etc. which may temporarily negatively affect the shareholders. The company decided that this is the choice in order to realize the increase of the company's corporate value by delisting the company's shares while avoiding having the shareholders from bearing the risk of decline in share price due to a temporary deterioration of business by providing them with an opportunity to sell their shares.
Recommendation for tender	Based on the results of calculation of the stock value by a third-party valuation agency, premium rate towards the market price in similar transactions, and implementation of measure to ensure fairness, the company decided that the price of the Tender Offer (2,050 yen) and other terms and conditions of the Tender Offer are appropriate for the shareholders and that the Tender Offer offers the shareholders a reasonable opportunity to sell their shares.
Dividends	On the condition that the Tender Offer will be completed successfully, the fiscal year ending March 31, 2026 expected dividend will be revised and the interim and year-end dividends for the fiscal year ending March 2026 will not be distributed.

※For details, please see the "Notice Regarding Implementation of MBO and Recommendation for Tender" and the "Notice of Revision of Interim and Fiscal-year End Dividend Forecasts (No Dividend Payment) for the Fiscal Year Ending March 31, 2026" announced on July 25, 2025.

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3-3 Post-Tender Offer Managerial Policy



Mr. Shinya Ogawa and Mr. Tetsushi Ogawa will continue to manage the company as its Representative Director after the successful completion of the Tender Offer

Measures expected to be implemented after privatization

Managerial measures	Summary
Further strengthening of technological development capabilities with a view to carbon neutrality in the future	<ul style="list-style-type: none"> Strengthen ability to propose body structures by integrating the sophistication of CAE structural analysis technology with the advanced molding technology Invest in the development of molding methods for difficult-to-mold parts using high-strength ultra-high-tensile strength materials Strengthen ability to develop new molding products by improving soundproofing and decoration technology capabilities
Strengthening supply chains for a stable and long-term supply of high-quality products	<ul style="list-style-type: none"> Expand the production capacity for electric vehicle parts in Japan and the United States Strengthen ASEAN bases in anticipation of growth in the Indian market, which is expected to grow in the future Restructure bases and optimize production and sales systems in China and Europe Create a global smart factory through the visualization and digitalization of all production processes
Creation of new businesses looking toward sustainable growth	<ul style="list-style-type: none"> Create a development environment in which diverse human resources can take on challenges and play an active role, through the establishment of an integrated R&D system for development and production technologies, and the expansion of innovation areas, at the company's technology development center Flexible business alliances and other alliances, including M&As with companies that can create synergies
Nurturing and securing human resources to achieve sustainable management	<ul style="list-style-type: none"> Strengthen educational programs related to general business skills, promote career development and relearning Raise digital literacy company-wide by providing DX literacy education to all employees Assign the right DX specialized human resources in the right places based on the characteristics of each department

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Watanabe: I will now explain the implementation of the MBO that we recently announced.

On July 25, we announced the commencement of a tender offer by Shinya Ogawa, Chairman and Representative Director of the Company, and Tetsushi Ogawa, President, Member of the Board of the Company, for the Company's shares, etc., to be conducted as part of a management buyout through CORE Inc.

In addition, at a meeting of the Company's Board of Directors held on the same day, the Company resolved to express its opinion in favor of the tender offer for the Company's common stock and stock acquisition rights by CORE, to recommend that the Company's shareholders tender their shares in the tender offer, and to leave the decision on whether to tender the share acquisition rights to the holders of stock acquisition rights. For more information, please refer to the Notice Regarding Implementation of MBO and Recommendation for Tender.

Ogawa, Representative Director of CORE, the Offeror, would like to provide additional information on this matter.

Tetsushi Ogawa: I would like to take this opportunity to share with you the background and thoughts that led me to this decision.

The business environment surrounding PACIFIC INDUSTRIAL is expected to become even more challenging due to structural changes in technology in the automotive parts industry and further intensification of price competition with competitors.

In addition, recent changes in the environment surrounding listed companies, such as the revision of the Corporate Governance Code and stricter regulations on capital markets, have increased the burden of human and financial costs required to maintain a stock listing, and have required a commitment to short-term performance.

In order for PACIFIC INDUSTRIAL to achieve further development as an entity with "Passion in Creating Tomorrow" and to realize an increase in corporate value with the aim of achieving growth from a medium- to long-term perspective, it is necessary to establish a management structure that enables the active and flexible consideration and implementation of new measures and to implement these measures in a timely manner.

Under these circumstances, we have determined that going private is the most effective way to implement each measure in a flexible manner while avoiding the risk burden on shareholders that the stock price will slump due to a temporary downturn in performance or other factors associated with the implementation of medium- to long-term measures.

Furthermore, in order to consistently implement initiatives for future growth from a medium- to long-term perspective, I, as a member of the founding family and the current president with the deepest understanding of PACIFIC INDUSTRIAL's management, believe that it is necessary for me to continue to manage the Company and to make flexible and agile management decisions by aligning ownership and management. I have come to the conclusion that a management buyout is the best way to achieve this.

We believe that going private through an MBO will enable us to allocate the human and financial costs required to maintain our listing and to strengthening our business base, investing in further growth, providing higher value-added technologies and products, and investing in human capital, thereby enhancing the medium- to long-term corporate value of PACIFIC INDUSTRIAL.

The Board of Directors of PACIFIC INDUSTRIAL has expressed an opinion in favor of the proposal and recommended that the shares be tendered. By meeting the trust and expectations of all stakeholders, including our shareholders who have supported us, we hope to achieve stable and sustainable growth, continue to change, and become a company that is needed by society.

We would like to respond to the support and expectations of our shareholders by providing them with a reasonable opportunity to sell their shares at what we believe are reasonable terms at a premium to the market share price.

I will continue to do my utmost for our customers, employees, and other stakeholders to develop PACIFIC INDUSTRIAL and increase our corporate value.

Watanabe: To reiterate, the Board of Directors of the Company has resolved to express its opinion in favor of the tender offer and to recommend that the shareholders of the Company tender their shares in the tender offer and to leave the decision to the holders of stock acquisition rights whether to tender their shares. Thank you for your understanding.