

A grayscale image of a car chassis, showing the engine, transmission, and frame from a top-down perspective.

Financial Results Briefing for Q3 Year Ending March 2022

The 98th period : Cumulative Third Quarter
(Apr. 1st, 2021- Dec. 30th, 2021)

February 2, 2022

PACIFIC INDUSTRIAL CO., LTD.

- 1. Financial Results for Q3**
- 2. Full Year Forecast for FY2021**

Caution in handling this document

Future forecasts, including this document, were judged according to the current information. Actual financial results might be considerably different from the forecast mentioned here depending on the Japanese or international economic situation, business trends related to our company, and any risk or indefinite factors involved in fluctuation of exchange rates.

1-1 Q3 Consolidated Results



**Business performance exceeded the same period of the previous year,
and profit reached a record high**

(100 million yen, %)

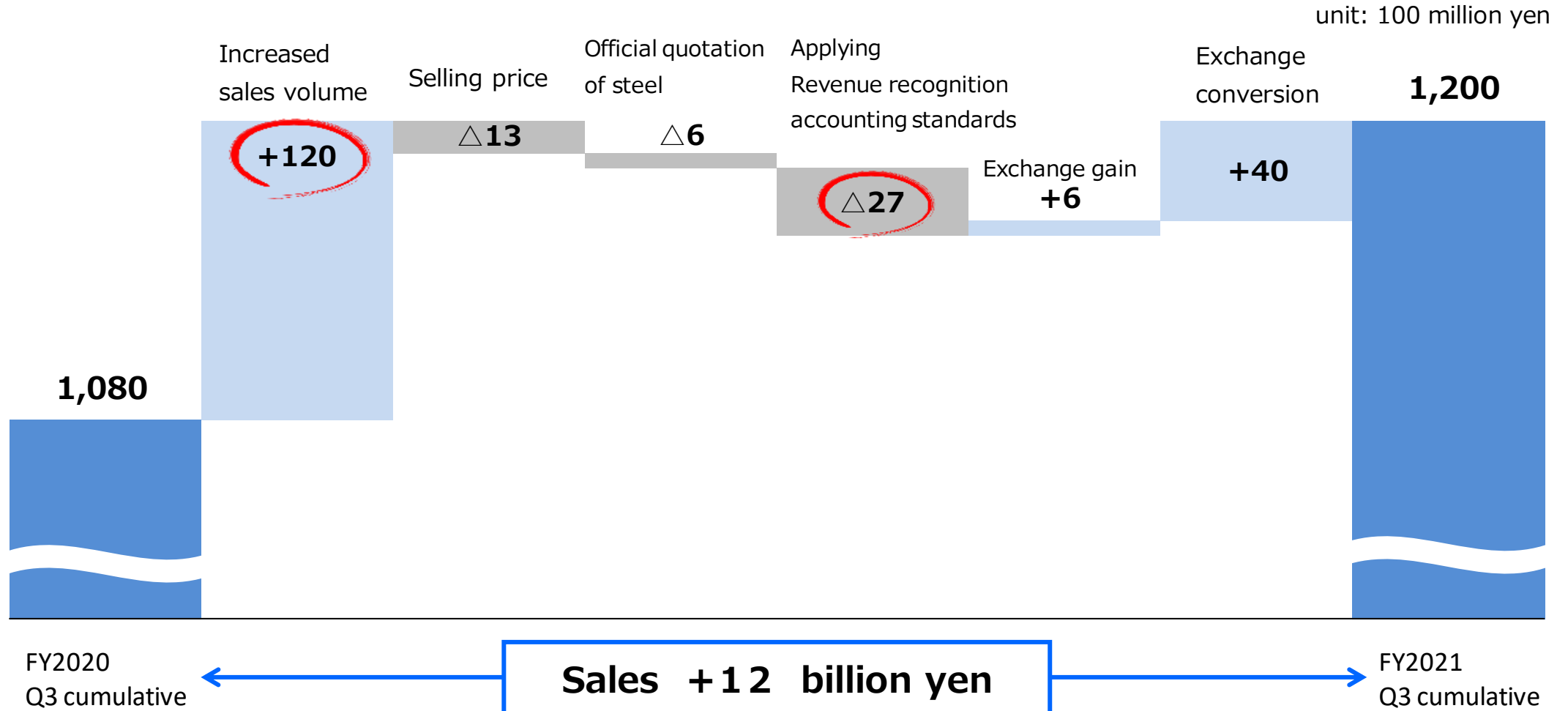
	FY2020	FY2021		YoY rate	
	Q3 Cumulative Result	Q3 Cumulative Result		Gain&Loss	% Change
Sales	1,080	* 1	1,200	+120	+11.1
Operating Income	49	Record High	77	+28	+56.8
Operating Income Ratio	4.6%		6.5%	+1.9P	-
Ordinary Income	58	Record High	100	+41	+70.9
Ordinary Income Ratio	5.4%		8.4%	+3.0P	-
Quarterly net income attributable to the parent company shareholders	42	Record High	74	+31	+73.4
Quarterly Net Income margin	3.9%		6.2%	+2.3P	-
Average exchange rate (U.S. dollars)	¥105.7		¥110.9	+¥5.2	-

* 1 Revenue recognition accounting standards have been applied since 2021. The amount of impact on sales is as follows. The impact on profits is minor. Sales increased by 500 million yen due to the collective recognition of mold cost collection, and decreased by 3.3 billion yen due to the offset display of sales of customer-received products and cost of sales.

1-2 Q3 Causes of Fluctuation in Consolidated Sales

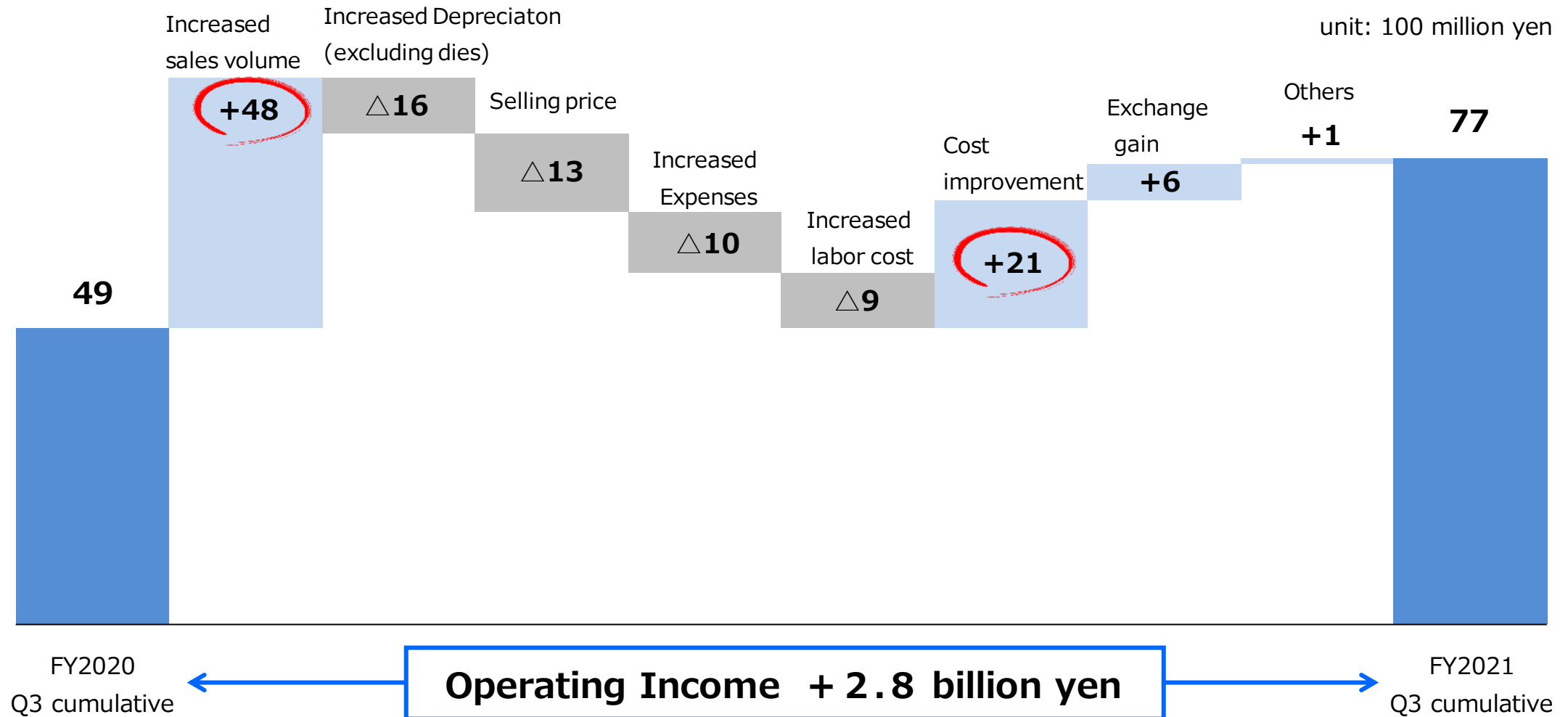


Increased sales volume by following customer production fluctuations



1-3 Q3 Causes of Fluctuation in Consolidated Operating Income

Achieved record high profits through sales recovery and cost improvement



1-4 Q3 Consolidated Business Segments



Increased sales and profits for stamping & molding and valves

(100 million yen,%)

	Sales				Operating Income			
	20/Q3 Cumulative Result	21/Q3 Cumulative Result	Gain&Loss	%Change	20/3Q Cumulative Result	21/3Q Cumulative Result	Gain&Loss	%Change
Stamping & Molding	755	829	+73	+9.7	18	32	+14	+76.5
(The impact of application of revenue recognition)		* 1 (△28)						
Operating Income Ratio					2.5%	3.9%	+1.4P	
Valves	323	369	+45	+14.2	30	45	+14	+47.6
(The impact of application of revenue recognition)		* 2 (0)						
Operating Income Ratio					9.5%	12.2%	+2.7P	

* 1 Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales (included figures) is as above.

Sales increased by 500 million yen due to the collective recognition of mold cost collection, and decreased by 3.3 billion yen due to the offset display of sales of customer-received products and cost of sales. The impact on profits is minor.

* 2 The amount of impact on sales (included figures) is as above. The impact on profits is minor.

1-5 Q3 Consolidated Regional Segment



In Japan, decreased in sales and increased in profit (In fact, sales increased except for the impact of revenue recognition), and increased in sales and profits in Europe, the United States and Asia.

(100 million yen,%)

	Sales				Operating Income			
	20/Q3 Cumulative Result	21/Q3 Cumulative Result	Gain&Loss	YoY rate %Change	20/Q3 Cumulative Result	21/Q3 Cumulative Result	Gain&Loss	YoY rate %Change
Japan	511	507	△4	△0.8	31	46	+15	+50.4
(The impact of application of revenue recognition)		*1 (△27)						
Operating Income Ratio					6.1%	9.2%	+3.1P	
Europe & America	373	455	+82	+22.1	3	8	+4	+132.7
Operating Income Ratio					1.0%	1.9%	+0.9P	
Asia	195	237	+41	+21.3	12	22	+9	+75.1
Operating Income Ratio					6.6%	9.5%	+2.9P	

*1 Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales (included figures) is as above. The impact on profits is minor.

1. Financial Results for Q3

2. Full Year Forecast for FY2021

2-1 Full Year Consolidated Financial Forecast



Revised full-year forecast (sales, operating income) by incorporating the latest customer production information in Q4

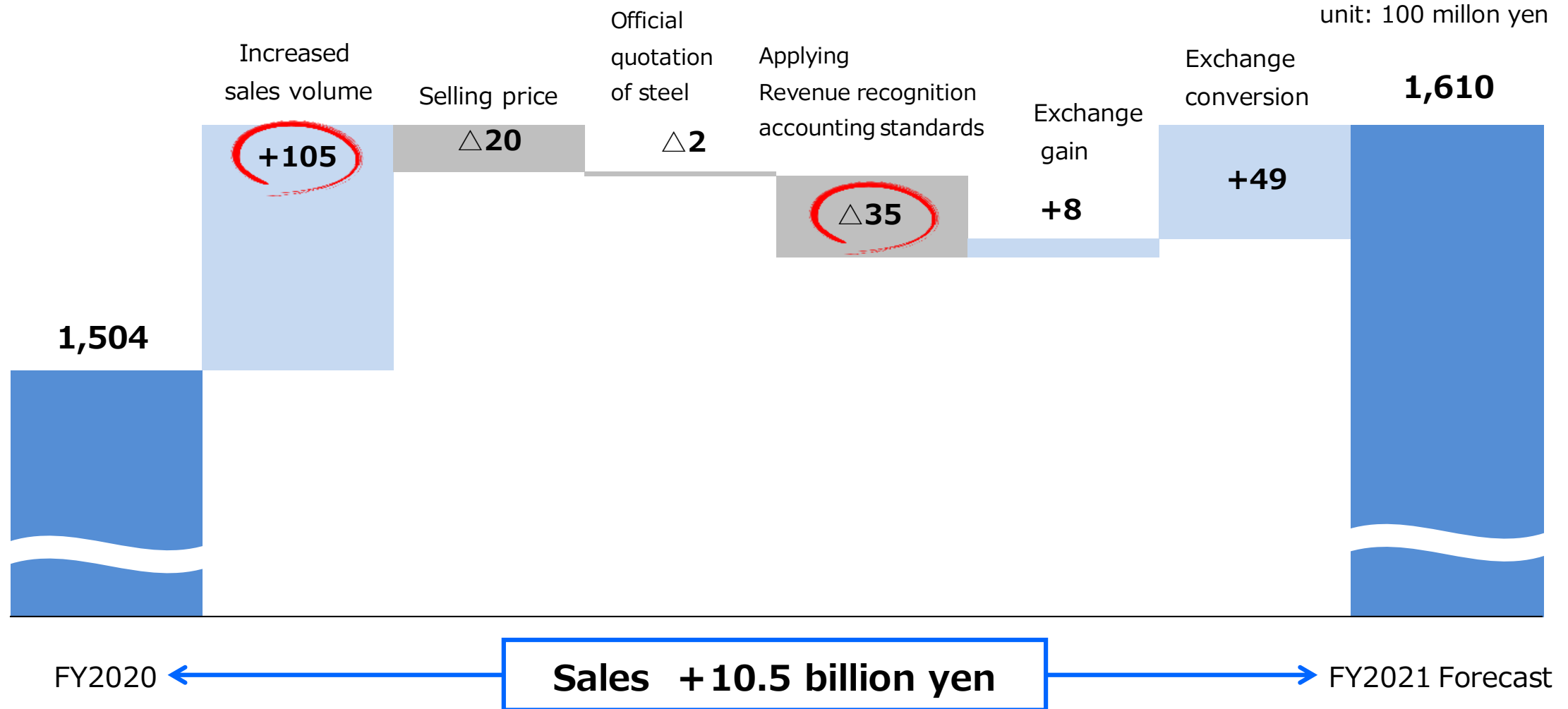
(100 million yen,%)

	FY2020	FY2021		YoY rate		Previous Forecast Rate	
	Result	Previous Forecast	Forecast this time	Gain&Loss	%Change	Gain&Loss	%Change
Sales	1,504	1,640	* 1 1,610	+105	7.0%	△30	△1.8%
Operating Income	89	105	100	+10	11.4%	△5	△4.8%
Operating Income Ratio	6.0%	6.4%	6.2%	+0.2P	—	△0.2P	—
Ordinary Income	112	125	125	+12	11.4%	+0	0.0%
Ordinary Income Ratio	7.5%	7.6%	7.8%	+0.3P	—	+0.2P	—
* 2 Current Net Income	79	90	90	+10	12.8%	+0	0.0%
R O E	7.6%	7.7%	7.6%	+0.0P	—	△0.1P	—
R O A (Operating income basis)	4.2%	4.6%	4.3%	+0.1P	—	△0.3P	—
Net Assts per Share	¥1,846	¥2,018	¥2,049	¥203	11.0%	+¥31	1.5%
Average exchange rate (US dollars)	¥105.4	¥110.0	¥110.7	¥5.3	—	¥0.7	—

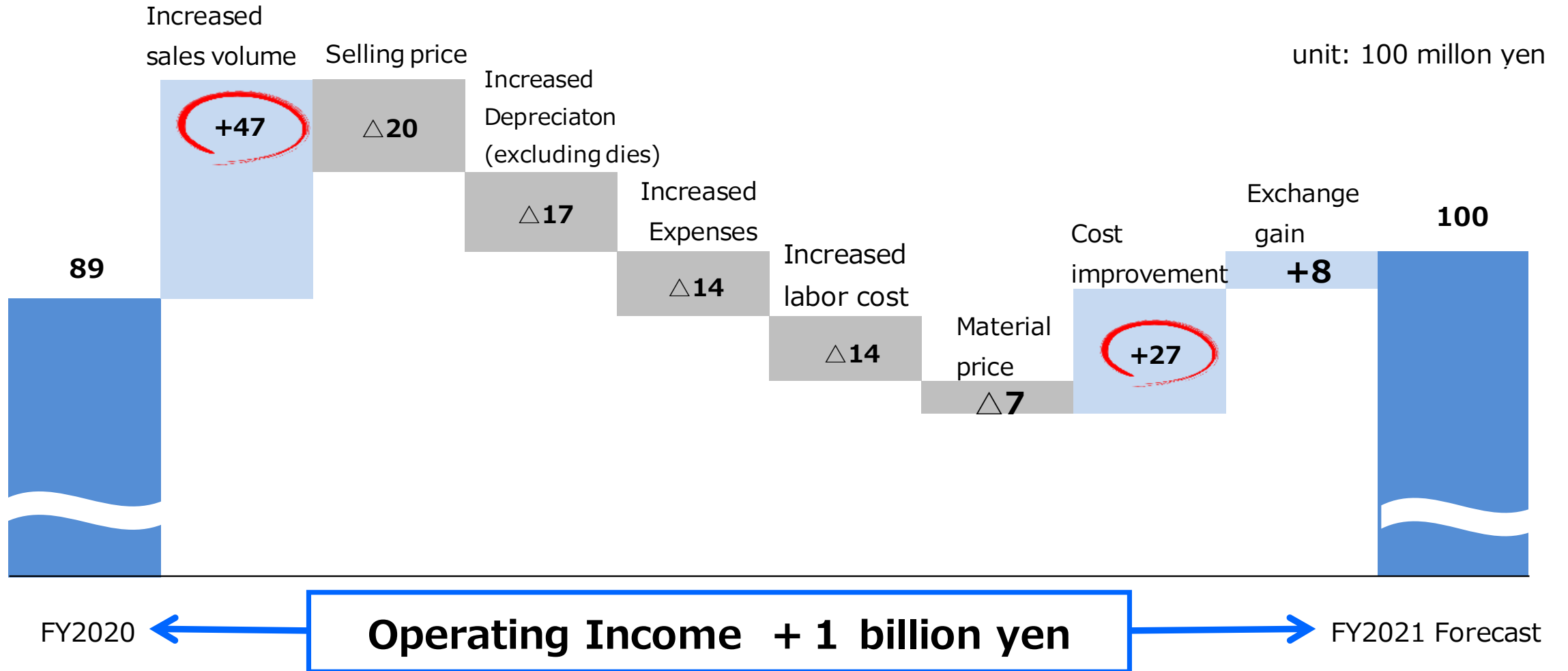
* 1 Revenue recognition accounting standards have been applied since 2021. The amount of impact on sales is as follows. The impact on profits is minor. Sales increased by 1 billion yen due to the collective recognition of mold cost collection, and decreased by 4.5 billion yen due to the offset display of sales of customer-received products and cost of sales.

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

Increased sales volume by following customer production fluctuations



Expected to increase profits by increasing sales volume and continuous cost improvement



2-4 Full Year Consolidated Business Segments



Expected to increase sales and profits for stamping & molding and valves

(100 million yen,%)

	Sales				Operating Income			
	FY2020 Result	FY2021 Forecast	YoY rate		FY2020 Result	FY2021 Forecast	YoY rate	
			Gain&Loss	%Change			Gain&Loss	%Change
Stamping & Molding	1,045	1,122	+76	+7.4	39	41	+1	+4.8
(The impact of application of revenue recognition)		* 1 (△35)						
Operating Income Ratio					3.7%	3.7%	+0.0P	
Valves	457	485	+27	+6.1	49	59	+9	+18.0
(The impact of application of revenue recognition)		* 2 (0)						
Operating Income Ratio					10.9%	12.2%	+1.3P	

* 1 Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales (included figures) is as above. Sales increased by 900 million yen due to the collective recognition of mold cost collection, and decreased by 4.5 billion yen due to the offset display of sales of customer-received products and cost of sales. The impact on profits is minor.

* 2 The amount of impact on sales (included figures) is as above. The impact on profits is minor.

2-5 Full Year Consolidated Regional Segment



In Japan, decreased in sales and increased in profit (In fact, sales increased except for the impact of revenue recognition), and increased in sales and profits in Europe, the United States and Asia

(100 million yen,%)

	Sales				Operating Income			
	FY2020 Result	FY2021 Forecsat	YoY rate		FY2020 Result	FY2021 Forecsat	YoY rate	
			Gain&Loss	%Change			Gain&Loss	%Change
Japan	702	686	△16	△2.4	51	55	+3	+6.2
(The impact of application of revenue recognition)		*1 (△35)						
Operating Income Ratio					7.4%	8.0%	+0.6P	
Europe & America	523	591	+67	+12.9	15	16	+0	+2.1
Operating Income Ratio					3.0%	2.7%	△0.3P	
Asia	277	333	+55	+19.9	18	26	+7	+36.9
Operating Income Ratio					6.8%	7.8%	+1.0P	

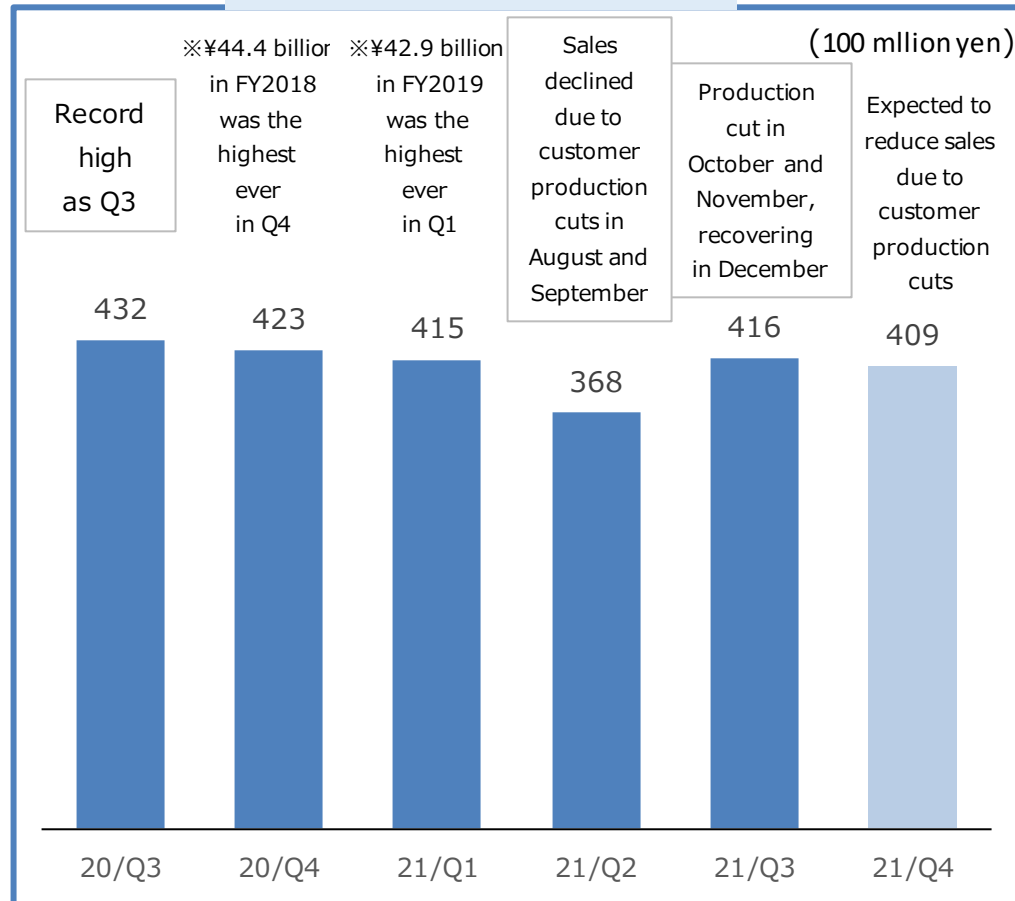
*1 Revenue recognition accounting standards have been applied since FY2021. The amount of impact on sales (included figures) is as above. The impact on profits is minor.

2-7 Quarterly Consolidated Financial Results

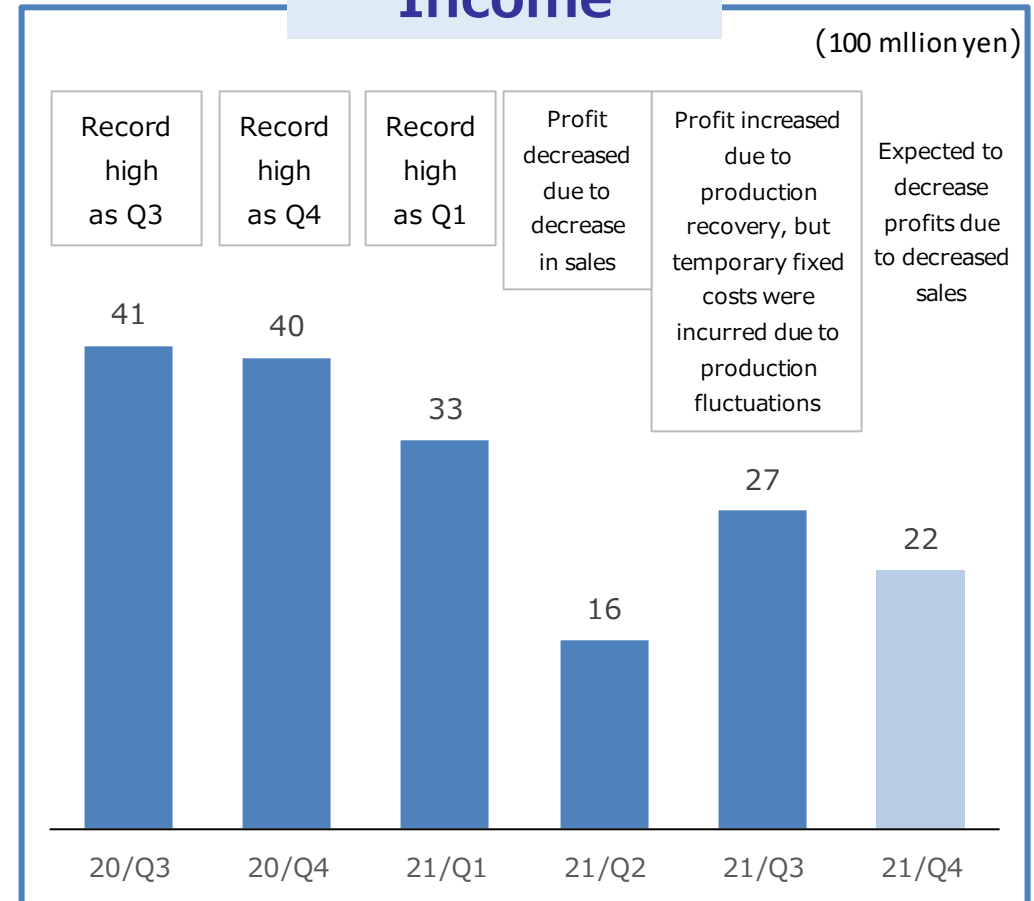


Fixed costs were incurred due to fluctuations in customer production in Q3, and it is assumed that customer production will be reduced in Q4

Sales



Operating Income

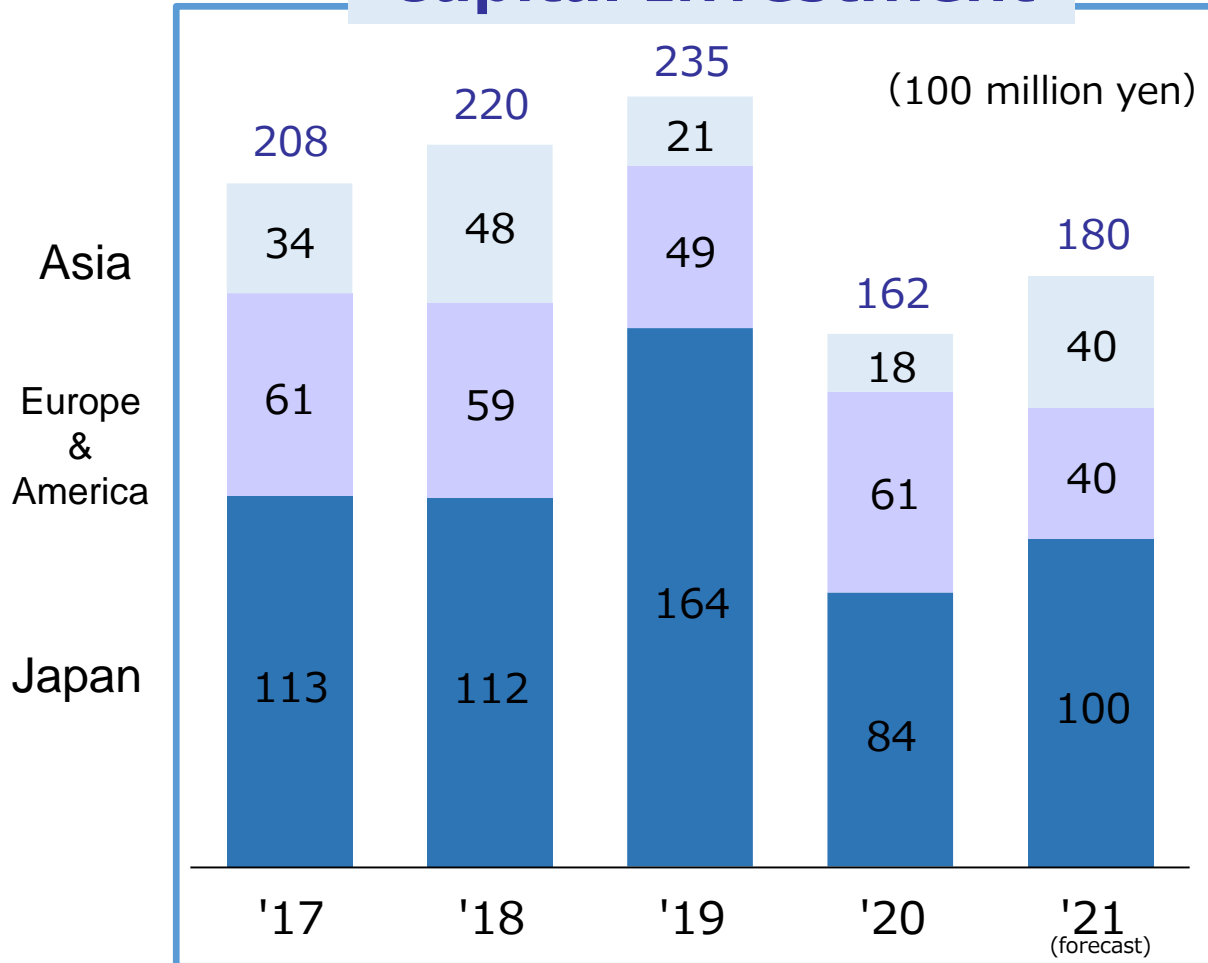


2-8 Consolidated Capital Investment & Depreciation

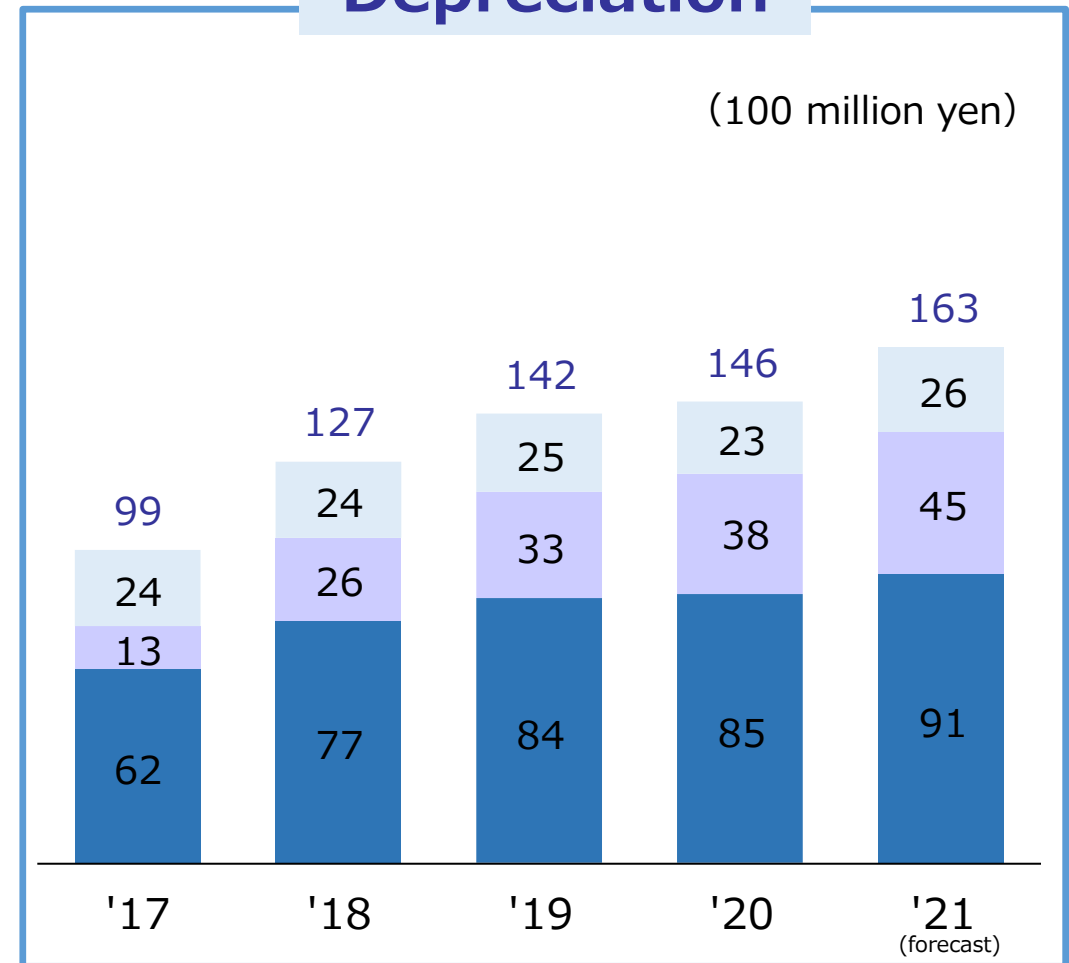


Prioritizing capital investment that has a large effect and that comes out quickly

Capital Investment



Depreciation



Gaining a solid foothold GLOCALLY by preventing being infected and maintaining employment and our production system as a top priority

■ Q3 results

- Recovered from the 5th wave of Covid-19, and landed at the same level as the previous forecast
- Although there was a loss in production fluctuations,
the corporate structure was strengthened by improving profitability.

■ Full year forecast

- Stagnation of economic activity due to expansion of the Omicron variant
- Production fluctuations due to insufficient supply of parts such as semiconductors
- Revised from the forecast of large production increase,
maintaining an improved corporate structure and securing profits

■ FY2022

- Prolonged Covid-19 impact, stagnant economic activity in China
- Continuing concerns about semiconductor and component supply
- Preparation of production system for recovery production, **maximization of production increase effect**
- OCEAN-22 final year, **scheduled to announce new medium-term management plan**



思いをこめて、あしたをつくる

Passion in Creating Tomorrow