

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2018 (Based on Japanese GAAP)

February 6, 2019

Company name: PCI Holdings, Inc.
 Stock exchange listing: Tokyo
 Stock code: 3918 URL <https://www.pci-h.co.jp/>
 Representative: President Naomichi Haraguchi
 Director and General Manager of Corporate Planning Headquarters Naohiro Iguchi TEL 03-6858-0530
 Scheduled date to file Quarterly Securities Report: February 13, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended December 31, 2018 (from October 1, 2018 to December 31, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------------------------|-----------------|------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Three months ended December 31, 2018 | 3,866 | 20.4 | 108 | 77.8 | 115 | 44.1 | 52 | (67.0) |
| Three months ended December 31, 2017 | 3,210 | 25.7 | 60 | (72.7) | 80 | (64.0) | 158 | 12.8 |

| | Earnings per share | | Diluted earnings per share | |
|--------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Three months ended December 31, 2018 | 12.43 | | – | |
| Three months ended December 31, 2017 | 40.93 | | 40.75 | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of December 31, 2018 | 8,939 | 4,904 | 53.7 | 1,140.16 |
| As of September 30, 2018 | 9,249 | 5,162 | 54.8 | 1,204.60 |

2. Cash dividends

| | Annual dividends per share | | | | |
|---|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended September 30, 2018 | – | 0.00 | – | 55.00 | 55.00 |
| Year ending September 30, 2019 | – | – | – | – | – |
| Year ending September 30, 2019 (Forecast) | – | 30.00 | – | 30.00 | 60.00 |

3. Forecast of consolidated financial results for the year ending September 30, 2019 (from October 1, 2018 to September 30, 2019)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|----------------------------------|-----------------|------|------------------|--------|-----------------|--------|---|--------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending March 31, 2019 | 7,660 | 4.8 | 339 | (31.5) | 342 | (33.8) | 229 | (20.5) | 54.37 |
| Full year | 16,000 | 10.4 | 800 | 9.8 | 816 | 5.8 | 540 | 15.0 | 128.19 |

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - Changes in accounting policies due to other reasons: No
 - Changes in accounting estimates: No
 - Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

| | | | |
|-------------------------|------------------|--------------------------|------------------|
| As of December 31, 2018 | 4,261,200 shares | As of September 30, 2018 | 4,256,600 shares |
|-------------------------|------------------|--------------------------|------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|---------------|--------------------------|---------------|
| As of December 31, 2018 | 47,876 shares | As of September 30, 2018 | 47,876 shares |
|-------------------------|---------------|--------------------------|---------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|--------------------------------------|------------------|--------------------------------------|------------------|
| Three months ended December 31, 2018 | 4,210,019 shares | Three months ended December 31, 2017 | 3,876,989 shares |
|--------------------------------------|------------------|--------------------------------------|------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of September 30, 2018 | As of December 31, 2018 |
|---|--------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,023,991 | 1,505,151 |
| Notes and accounts receivable - trade | 3,127,588 | 3,262,042 |
| Electronically recorded monetary claims - operating | 251,007 | 277,157 |
| Inventories | 127,782 | 216,002 |
| Income taxes receivable | – | 83,093 |
| Other | 317,948 | 278,721 |
| Total current assets | 5,848,318 | 5,622,169 |
| Non-current assets | | |
| Property, plant and equipment | 317,073 | 315,766 |
| Intangible assets | | |
| Goodwill | 1,189,633 | 1,163,108 |
| Other | 247,020 | 315,616 |
| Total intangible assets | 1,436,653 | 1,478,725 |
| Investments and other assets | 1,645,229 | 1,521,356 |
| Total non-current assets | 3,398,956 | 3,315,848 |
| Deferred assets | 1,861 | 1,537 |
| Total assets | 9,249,136 | 8,939,555 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 859,115 | 1,054,211 |
| Short-term loans payable | – | 200,000 |
| Current portion of bonds | 237,500 | 237,500 |
| Current portion of long-term loans payable | 95,436 | 95,436 |
| Accounts payable - other | 837,024 | 401,238 |
| Income taxes payable | 26,501 | – |
| Provision for bonuses | 179,980 | 98,211 |
| Provision for directors' bonuses | 3,000 | 4,998 |
| Provision for loss on order received | 289 | 599 |
| Asset retirement obligations | 1,610 | – |
| Other | 677,328 | 874,597 |
| Total current liabilities | 2,917,785 | 2,966,793 |
| Non-current liabilities | | |
| Bonds payable | 343,750 | 275,000 |
| Long-term loans payable | 214,380 | 190,773 |
| Provision for directors' retirement benefits | 362,495 | – |
| Net defined benefit liability | 140,100 | 141,090 |
| Asset retirement obligations | 76,420 | 76,521 |
| Other | 31,297 | 385,254 |
| Total non-current liabilities | 1,168,442 | 1,068,639 |
| Total liabilities | 4,086,228 | 4,035,433 |

(Thousands of yen)

| | As of September 30, 2018 | As of December 31, 2018 |
|---|--------------------------|-------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,045,165 | 1,046,232 |
| Capital surplus | 2,650,685 | 2,651,753 |
| Retained earnings | 1,487,264 | 1,308,100 |
| Treasury shares | (150,930) | (150,930) |
| Total shareholders' equity | 5,032,185 | 4,855,155 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 37,636 | (51,285) |
| Total accumulated other comprehensive income | 37,636 | (51,285) |
| Non-controlling interests | 93,086 | 100,252 |
| Total net assets | 5,162,908 | 4,904,122 |
| Total liabilities and net assets | 9,249,136 | 8,939,555 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

| | Three months ended December 31, 2017 | Three months ended December 31, 2018 |
|--|---|---|
| Net sales | 3,210,713 | 3,866,949 |
| Cost of sales | 2,461,057 | 2,934,555 |
| Gross profit | 749,656 | 932,394 |
| Selling, general and administrative expenses | 688,766 | 824,133 |
| Operating profit | 60,890 | 108,261 |
| Non-operating income | | |
| Interest and dividend income | 11,568 | 6,230 |
| Subsidy income | 9,749 | 3,071 |
| Other | 1,423 | 1,810 |
| Total non-operating income | 22,741 | 11,112 |
| Non-operating expenses | | |
| Interest expenses | 2,374 | 2,923 |
| Commission fee | 486 | 234 |
| Other | 358 | 323 |
| Total non-operating expenses | 3,219 | 3,480 |
| Ordinary profit | 80,412 | 115,893 |
| Extraordinary income | | |
| Gain on sales of shares of subsidiaries and associates | 99,835 | – |
| Total extraordinary income | 99,835 | – |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 384 | 1,233 |
| Total extraordinary losses | 384 | 1,233 |
| Profit before income taxes | 179,863 | 114,659 |
| Income taxes - current | 10,939 | 16,816 |
| Income taxes - deferred | 10,220 | 38,361 |
| Total income taxes | 21,160 | 55,178 |
| Profit | 158,703 | 59,481 |
| Profit attributable to non-controlling interests | – | 7,165 |
| Profit attributable to owners of parent | 158,703 | 52,315 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Three months ended December 31, 2017 | Three months ended December 31, 2018 |
|--|---|---|
| Profit | 158,703 | 59,481 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,648 | (88,921) |
| Total other comprehensive income | 1,648 | (88,921) |
| Comprehensive income | 160,351 | (29,440) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 160,351 | (36,605) |
| Comprehensive income attributable to non-controlling interests | – | 7,165 |