

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2019 (Based on Japanese GAAP)

February 6, 2020

Company name: PCI Holdings, Inc.
 Stock exchange listing: Tokyo
 Stock code: 3918 URL <https://www.pci-h.co.jp/>
 Representative: President Naomichi Haraguchi
 Inquiries: Director and General Manager of Corporate Planning Headquarters Naohiro Iguchi TEL 03-6858-0530
 Scheduled date to file Quarterly Securities Report: February 13, 2020
 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, 2019 (from October 1, 2019 to December 31, 2019)

(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, 2019	4,189	8.4	144	33.7	156	35.4	121	132.9
Three months ended December 31, 2018	3,866	20.4	108	77.8	115	44.1	52	(67.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2019	29.62		–	
Three months ended December 31, 2018	12.43		–	

(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, 2019	10,931	5,333	45.1	1,199.32
As of September 30, 2019	11,315	5,033	43.0	1,183.05

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2019	–	30.00	–	30.00	60.00
Year ending September 30, 2020	–				
Year ending September 30, 2020 (Forecast)		30.00	–	16.00	–

3. Forecast of consolidated financial results for the year ending September 30, 2020 (from October 1, 2019 to September 30, 2020)

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, 2020	8,593	5.9	452	16.8	461	18.1	237	24.0	57.63
Full year	17,400	5.2	880	7.0	900	6.7	510	10.9	82.67

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2019
(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, 2019	4,261,200 shares	As of September 30, 2019	4,261,200 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	148,603 shares	As of September 30, 2019	148,576 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2019	4,112,607 shares	Three months ended December 31, 2018	4,210,019 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	3,198,761	3,168,929
Notes and accounts receivable - trade	3,529,860	2,962,945
Electronically recorded monetary claims - operating	486,892	493,152
Inventories	164,744	293,824
Income taxes receivable	–	106,974
Other	371,259	327,960
Total current assets	7,751,518	7,353,788
Non-current assets		
Property, plant and equipment	300,868	292,403
Intangible assets		
Goodwill	1,084,292	1,058,147
Other	353,065	340,153
Total intangible assets	1,437,358	1,398,300
Investments and other assets		
Investment securities	1,063,066	1,160,890
Other	761,900	725,711
Total investments and other assets	1,824,967	1,886,602
Total non-current assets	3,563,194	3,577,305
Deferred assets	766	585
Total assets	11,315,479	10,931,680
Liabilities		
Current liabilities		
Accounts payable - trade	980,410	845,669
Current portion of bonds	237,500	225,000
Current portion of long-term borrowings	574,428	667,291
Accounts payable - other	618,844	361,683
Income taxes payable	58,118	–
Provision for bonuses	273,176	111,374
Provision for bonuses for directors (and other officers)	22,973	7,634
Provision for loss on order received	5,433	12,325
Provision for after cost	6,100	1,841
Asset retirement obligations	937	–
Other	784,353	938,165
Total current liabilities	3,562,275	3,170,984
Non-current liabilities		
Bonds payable	106,250	50,000
Long-term borrowings	1,903,286	1,667,824
Provision for retirement benefits for directors (and other officers)	47,328	47,958
Retirement benefit liability	180,348	186,512
Asset retirement obligations	81,756	81,856
Other	400,332	393,325
Total non-current liabilities	2,719,301	2,427,476
Total liabilities	6,281,577	5,598,461

(Thousands of yen)

	As of September 30, 2019	As of December 31, 2019
Net assets		
Shareholders' equity		
Share capital	1,046,232	1,046,232
Capital surplus	2,650,082	2,650,911
Retained earnings	1,592,272	1,590,718
Treasury shares	(386,410)	(386,468)
Total shareholders' equity	4,902,177	4,901,394
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(36,742)	30,910
Total accumulated other comprehensive income	(36,742)	30,910
Share acquisition rights	–	1,001
Non-controlling interests	168,466	399,912
Total net assets	5,033,901	5,333,218
Total liabilities and net assets	11,315,479	10,931,680

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, 2018	Three months ended December 31, 2019
Net sales	3,866,949	4,189,885
Cost of sales	2,934,555	3,118,894
Gross profit	932,394	1,070,991
Selling, general and administrative expenses	824,133	926,291
Operating profit	108,261	144,699
Non-operating income		
Interest and dividend income	6,230	11,475
Subsidy income	3,071	2,682
Other	1,810	2,604
Total non-operating income	11,112	16,761
Non-operating expenses		
Interest expenses	2,923	4,140
Commission expenses	234	234
Other	323	181
Total non-operating expenses	3,480	4,556
Ordinary profit	115,893	156,905
Extraordinary income		
Gain on sales of non-current assets	–	500
Total extraordinary income	–	500
Extraordinary losses		
Loss on retirement of non-current assets	1,233	0
Total extraordinary losses	1,233	0
Profit before income taxes	114,659	157,405
Income taxes - current	16,816	4,745
Income taxes - deferred	38,361	20,376
Total income taxes	55,178	25,121
Profit	59,481	132,284
Profit attributable to non-controlling interests	7,165	10,459
Profit attributable to owners of parent	52,315	121,824

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended December 31, 2018	Three months ended December 31, 2019
Profit	59,481	132,284
Other comprehensive income		
Valuation difference on available-for-sale securities	(88,921)	67,652
Total other comprehensive income	(88,921)	67,652
Comprehensive income	(29,440)	199,937
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(36,605)	189,477
Comprehensive income attributable to non-controlling interests	7,165	10,459