

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2020 (Based on Japanese GAAP)

August 11, 2020

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
 Inquiries: Naohiro Iguchi
 Scheduled date to file Quarterly Securities Report: August 14, 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 nine months ended June 30, 2020 (from October 1, 2019 to June 30, 2020)

(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 | % |
| Nine months ended June 30, 2020 | 12,428 | 4.6 | 409 | (13.8) | 444 | (8.4) | 92 | (63.0) |
| Nine months ended June 30, 2019 | 11,885 | 10.6 | 475 | (15.4) | 485 | (18.6) | 251 | (22.9) |

| | Earnings per share | | Diluted earnings per share | |
|---------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended June 30, 2020 | 11.28 | | – | |
| Nine months ended June 30, 2019 | 30.23 | | – | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of June 30, 2020 | 11,931 | 5,195 | 40.3 | 583.18 |
| As of September 30, 2019 | 11,315 | 5,033 | 43.0 | 591.52 |

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 | – | 30.00 | – | | |
| Year ending September 30, 2020 (Forecast) | | | | 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 | | Earnings per share |
|-----------|-----------------|-----|------------------|-----|-----------------|-----|-----------------|--------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 17,400 | 5.2 | 880 | 7.0 | 900 | 6.7 | 355 | (22.8) | 43.13 |

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended June 30, 2020
 (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 June 30, 2020 | 8,522,400 shares | As of September 30, 2019 | 8,522,400 shares |
|---------------------|------------------|--------------------------|------------------|

Number of treasury shares at the end of the period

| | | | |
|---------------------|----------------|--------------------------|----------------|
| As of June 30, 2020 | 285,006 shares | As of September 30, 2019 | 297,152 shares |
|---------------------|----------------|--------------------------|----------------|

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

| | | | |
|---------------------------------|------------------|---------------------------------|------------------|
| Nine months ended June 30, 2020 | 8,229,653 shares | Nine months ended June 30, 2019 | 8,312,140 shares |
|---------------------------------|------------------|---------------------------------|------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of September 30, 2019 | As of June 30, 2020 |
|----------------------------------------------------------------------|--------------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,198,761 | 4,659,593 |
| Notes and accounts receivable - trade | 3,529,860 | 2,568,020 |
| Electronically recorded monetary claims - operating | 486,892 | 422,064 |
| Inventories | 164,744 | 266,397 |
| Other | 371,259 | 296,615 |
| Total current assets | 7,751,518 | 8,212,691 |
| Non-current assets | | |
| Property, plant and equipment | 300,868 | 280,488 |
| Intangible assets | | |
| Goodwill | 1,084,292 | 1,005,856 |
| Other | 353,065 | 367,954 |
| Total intangible assets | 1,437,358 | 1,373,810 |
| Investments and other assets | | |
| Investment securities | 1,063,066 | 1,294,383 |
| Other | 761,900 | 770,122 |
| Total investments and other assets | 1,824,967 | 2,064,505 |
| Total non-current assets | 3,563,194 | 3,718,804 |
| Deferred assets | 766 | 318 |
| Total assets | 11,315,479 | 11,931,814 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 980,410 | 773,851 |
| Short-term borrowings | – | 200,000 |
| Current portion of bonds | 237,500 | 156,250 |
| Current portion of long-term borrowings | 574,428 | 643,559 |
| Accounts payable - other | 618,844 | 247,130 |
| Income taxes payable | 58,118 | 45,389 |
| Provision for bonuses | 273,176 | 204,532 |
| Provision for bonuses for directors (and other officers) | 22,973 | 17,089 |
| Provision for loss on order received | 5,433 | 14,031 |
| Provision for after cost | 6,100 | – |
| Asset retirement obligations | 937 | – |
| Other | 784,353 | 860,623 |
| Total current liabilities | 3,562,275 | 3,162,458 |
| Non-current liabilities | | |
| Bonds payable | 106,250 | – |
| Long-term borrowings | 1,903,286 | 2,903,334 |
| Provision for retirement benefits for directors (and other officers) | 47,328 | 49,218 |
| Retirement benefit liability | 180,348 | 158,907 |
| Asset retirement obligations | 81,756 | 82,055 |
| Other | 400,332 | 380,061 |
| Total non-current liabilities | 2,719,301 | 3,573,577 |
| Total liabilities | 6,281,577 | 6,736,035 |

(Thousands of yen)

| | As of September 30, 2019 | As of June 30, 2020 |
|-------------------------------------------------------|--------------------------|---------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,046,232 | 1,046,232 |
| Capital surplus | 2,650,082 | 2,648,772 |
| Retained earnings | 1,592,272 | 1,438,202 |
| Treasury shares | (386,410) | (370,604) |
| Total shareholders' equity | 4,902,177 | 4,762,603 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (36,742) | 41,266 |
| Total accumulated other comprehensive income | (36,742) | 41,266 |
| Share acquisition rights | – | 7,011 |
| Non-controlling interests | 168,466 | 384,897 |
| Total net assets | 5,033,901 | 5,195,778 |
| Total liabilities and net assets | 11,315,479 | 11,931,814 |

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

Consolidated statements of income (cumulative)

(Thousands of yen)

| | Nine months ended June 30, 2019 | Nine months ended June 30, 2020 |
|---------------------------------------------------------|------------------------------------|------------------------------------|
| Net sales | 11,885,426 | 12,428,109 |
| Cost of sales | 8,844,873 | 9,211,848 |
| Gross profit | 3,040,552 | 3,216,260 |
| Selling, general and administrative expenses | 2,565,445 | 2,806,942 |
| Operating profit | 475,107 | 409,318 |
| Non-operating income | | |
| Interest and dividend income | 12,687 | 26,144 |
| Subsidy income | 8,343 | 11,039 |
| Other | 5,149 | 13,072 |
| Total non-operating income | 26,179 | 50,256 |
| Non-operating expenses | | |
| Interest expenses | 8,965 | 9,406 |
| Commission expenses | 1,991 | 1,025 |
| Loss on investments in investment partnerships | 3,785 | 3,691 |
| Other | 872 | 524 |
| Total non-operating expenses | 15,614 | 14,648 |
| Ordinary profit | 485,672 | 444,926 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 6,519 | 500 |
| Gain on donation of non-current assets | 1,000 | - |
| Gain on bargain purchase | 24,228 | - |
| Total extraordinary income | 31,748 | 500 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 1,233 | 216 |
| Loss on valuation of investment securities | 63,352 | 199,610 |
| Other | - | 6,741 |
| Total extraordinary losses | 64,586 | 206,567 |
| Profit before income taxes | 452,833 | 238,859 |
| Income taxes - current | 203,057 | 170,153 |
| Income taxes - deferred | (13,782) | (19,608) |
| Total income taxes | 189,274 | 150,544 |
| Profit | 263,559 | 88,314 |
| Profit (loss) attributable to non-controlling interests | 12,291 | (4,554) |
| Profit attributable to owners of parent | 251,267 | 92,869 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Nine months ended June 30, 2019 | Nine months ended June 30, 2020 |
|----------------------------------------------------------------|------------------------------------|------------------------------------|
| Profit | 263,559 | 88,314 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (117,216) | 78,009 |
| Total other comprehensive income | (117,216) | 78,009 |
| Comprehensive income | 146,343 | 166,323 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 134,051 | 170,878 |
| Comprehensive income attributable to non-controlling interests | 12,291 | (4,554) |