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Consolidated Financial Results for the Year Ended September 30, 2022 [Japanese GAAP]

November 11, 2022

Company name: PCI Holdings, INC.

Stock exchange listing: Tokyo

Code number: 3918

URL: <https://www.pci-h.co.jp/>

Representative: Kunio Yokoyama

President

Contact: Naohiro Iguchi

Director and General Manager of Corporate Planning
Headquarters

Phone: 03-6858-0530

Scheduled date of Annual General Meeting of Shareholders: December 21, 2022

Scheduled date of commencing dividend payments: December 22, 2022

Scheduled date of filing annual securities report: December 22, 2022

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2022 (October 01, 2021 to September 30, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended September 30, 2022	25,170	18.5	1,445	23.0	1,549	28.2	643	(4.0)
September 30, 2021	21,248	26.8	1,174	56.5	1,208	50.2	669	133.5

(Note) Comprehensive income: Fiscal year ended September 30, 2022: ¥ 736 million [7.7%]
Fiscal year ended September 30, 2021: ¥ 684 million [73.1%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended September 30, 2022	63.97	-	8.5	9.0	5.7
September 30, 2021	76.12	76.06	10.7	8.1	5.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended September 30, 2022: ¥ - million
Fiscal year ended September 30, 2021: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2022	16,915	8,374	45.9	771.99
September 30, 2021	17,391	7,950	42.8	741.28

(Reference) Equity: As of September 30, 2022: ¥ 7,768 million
As of September 30, 2021: ¥ 7,448 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
September 30, 2022	736	(193)	(1,227)	2,617
September 30, 2021	948	(3,364)	848	3,298

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
September 30, 2021	-	15.00	-	16.00	31.00	284	40.7	4.6
September 30, 2022	-	15.00	-	16.00	31.00	311	48.5	4.1
Fiscal year ending September 30, 2023 (Forecast)	-	16.00	-	17.00	33.00		31.0	

(Note) Breakdown of the year-end dividend for the fiscal year ended September 30, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2023 (October 01, 2022 to September 30, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended March 31, 2023	14,000	10.4	725	(9.9)	740	(11.4)	420	(17.5)	41.74
Full year	30,000	19.2	1,800	24.6	1,830	18.1	1,070	66.4	106.34

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

September 30, 2022:	10,322,400 shares
September 30, 2021:	10,322,400 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022:	259,885 shares
September 30, 2021:	274,138 shares

3) Average number of shares during the period:

Fiscal Year ended September 30, 2022:	10,053,634 shares
Fiscal Year ended September 30, 2021:	8,799,542 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2022 (October 01, 2021 to September 30, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2022	1,330	19.0	601	26.8	631	37.1	281	(34.8)
September 30, 2021	1,118	18.3	474	7.9	460	2.6	432	76.2

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2022	28.01	-
September 30, 2021	49.10	49.06

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2022	10,715	6,719	62.3	663.02
September 30, 2021	11,261	6,687	59.1	662.81

(Reference) Equity: As of September 30, 2022: ¥ 6,671 million
As of September 30, 2021: ¥ 6,660 million

Consolidated Financial Statements
Consolidated Balance Sheets

(Thousand yen)

	As of September 30,2021	As of September 30,2022
Assets		
Current assets		
Cash and deposits	3,310,046	2,629,966
Notes and accounts receivable - trade	4,314,250	-
Notes receivable - trade	-	49,896
Accounts receivable - trade	-	4,594,918
Electronically recorded monetary claims - operating	1,771,094	1,344,586
Contract assets	-	134,442
Inventories	1,291,517	1,627,621
Other	511,872	825,468
Allowance for doubtful accounts	(699)	(978)
Total current assets	11,198,082	11,205,922
Non-current assets		
Property, plant and equipment		
Buildings, net	387,910	362,026
Facilities attached to buildings, net	416,597	446,819
Other, net	142,107	143,513
Total property, plant and equipment	946,615	952,359
Intangible assets		
Goodwill	2,299,418	2,150,607
Other	194,166	111,350
Total intangible assets	2,493,585	2,261,957
Investments and other assets		
Investment securities	1,403,006	1,123,272
Deferred tax assets	300,224	401,701
Retirement benefit asset	236,143	185,634
Other	820,930	785,117
Allowance for doubtful accounts	(7,271)	(430)
Total investments and other assets	2,753,034	2,495,295
Total non-current assets	6,193,235	5,709,612
Total assets	17,391,318	16,915,534

(Thousand yen)

	As of September 30,2021	As of September 30,2022
Liabilities		
Current liabilities		
Accounts payable - trade	1,731,228	2,091,271
Electronically recorded obligations - operating	1,056,150	888,030
Current portion of long-term borrowings	868,223	872,364
Accounts payable - other	567,138	506,466
Income taxes payable	299,742	174,844
Accrued consumption taxes	331,072	194,532
Contract liabilities	-	920,863
Provision for bonuses	551,903	532,490
Provision for bonuses for directors (and other officers)	30,795	20,665
Provision for after cost	-	3,741
Asset retirement obligations	19,256	-
Other	1,049,939	304,016
Total current liabilities	6,505,451	6,509,286
Non-current liabilities		
Long-term borrowings	1,925,111	1,052,747
Provision for retirement benefits for directors (and other officers)	44,214	15,730
Retirement benefit liability	135,208	128,891
Asset retirement obligations	440,159	457,218
Other	391,000	377,234
Total non-current liabilities	2,935,694	2,031,820
Total liabilities	9,441,145	8,541,107
Net assets		
Shareholders' equity		
Share capital	2,091,897	2,091,897
Capital surplus	3,629,354	3,670,161
Retained earnings	2,048,153	2,388,876
Treasury shares	(356,470)	(337,933)
Total shareholders' equity	7,412,935	7,813,002
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7,893)	(1,513)
Remeasurements of defined benefit plans	43,489	(43,314)
Total accumulated other comprehensive income	35,595	(44,827)
Share acquisition rights	27,859	47,790
Non-controlling interests	473,783	558,461
Total net assets	7,950,172	8,374,426
Total liabilities and net assets	17,391,318	16,915,534

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Net sales	21,248,541	25,170,060
Cost of sales	15,555,075	18,829,671
Gross profit	5,693,465	6,340,389
Selling, general and administrative expenses	4,519,053	4,895,369
Operating profit	1,174,412	1,445,020
Non-operating income		
Interest and dividend income	29,813	42,707
Foreign exchange gains	-	40,069
Subsidy income	38,925	10,579
Surrender value of insurance policies	-	10,543
Other	19,027	15,270
Total non-operating income	87,766	119,171
Non-operating expenses		
Interest expenses	22,469	9,308
Commission expenses	655	749
Loss on investments in investment partnerships	7,241	3,355
Share issuance costs	13,857	-
Other	9,090	1,548
Total non-operating expenses	53,313	14,962
Ordinary profit	1,208,864	1,549,229
Extraordinary income		
Gain on sale of non-current assets	10,136	-
Other	633	-
Total extraordinary income	10,769	-
Extraordinary losses		
Loss on retirement of non-current assets	7,057	5,174
Loss on valuation of investment securities	209	310,289
Impairment losses	-	53,490
Other	656	4,992
Total extraordinary losses	7,923	373,948
Profit before income taxes	1,211,711	1,175,280
Income taxes - current	420,900	422,525
Income taxes - deferred	77,204	(64,658)
Total income taxes	498,105	357,867
Profit	713,605	817,413
Profit attributable to non-controlling interests	43,804	174,309
Profit attributable to owners of parent	669,801	643,104

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Profit	713,605	817,413
Other comprehensive income		
Valuation difference on available-for-sale securities	(72,852)	6,380
Remeasurements of defined benefit plans, net of tax	43,489	(86,803)
Total other comprehensive income	(29,363)	(80,423)
Comprehensive income	684,242	736,990
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	640,438	562,681
Comprehensive income attributable to non-controlling interests	43,804	174,309

Consolidated Statements of Changes in Net Assets

For the fiscal year ended September 30,2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,046,232	2,648,772	1,632,236	(370,604)	4,956,637
Changes during period					
Issuance of new shares	1,045,665	1,045,665			2,091,330
Dividends of surplus			(255,358)		(255,358)
Profit attributable to owners of parent			669,801		669,801
Purchase of treasury shares				(40)	(40)
Restricted stock payment		(11,227)		14,173	2,946
Change in ownership interest of parent due to transactions with non-controlling interests		(51,458)			(51,458)
Change in scope of consolidation		(2,396)	1,473		(923)
Net changes in items other than shareholders' equity					
Total changes during period	1,045,665	980,582	415,916	14,133	2,456,297
Balance at end of period	2,091,897	3,629,354	2,048,153	(356,470)	7,412,935

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	64,958	-	64,958	10,015	396,106	5,427,719
Changes during period						
Issuance of new shares						2,091,330
Dividends of surplus						(255,358)
Profit attributable to owners of parent						669,801
Purchase of treasury shares						(40)
Restricted stock payment						2,946
Change in ownership interest of parent due to transactions with non-controlling interests						(51,458)
Change in scope of consolidation						(923)
Net changes in items other than shareholders' equity	(72,852)	43,489	(29,363)	17,843	77,676	66,156
Total changes during period	(72,852)	43,489	(29,363)	17,843	77,676	2,522,453

Balance at end of period	(7,893)	43,489	35,595	27,859	473,783	7,950,172
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For the fiscal year ended September 30,2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,091,897	3,629,354	2,048,153	(356,470)	7,412,935
Cumulative effects of changes in accounting policies			9,313		9,313
Restated balance	2,091,897	3,629,354	2,057,466	(356,470)	7,422,248
Changes during period					
Dividends of surplus			(311,495)		(311,495)
Profit attributable to owners of parent			643,104		643,104
Purchase of treasury shares				(57)	(57)
Restricted stock payment		(3,012)		18,594	15,581
Change in scope of consolidation		43,820	(199)		43,620
Net changes in items other than shareholders' equity					
Total changes during period	-	40,807	331,409	18,537	390,754
Balance at end of period	2,091,897	3,670,161	2,388,876	(337,933)	7,813,002

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(7,893)	43,489	35,595	27,859	473,783	7,950,172
Cumulative effects of changes in accounting policies						9,313
Restated balance	(7,893)	43,489	35,595	27,859	473,783	7,959,485
Changes during period						
Dividends of surplus						(311,495)
Profit attributable to owners of parent						643,104
Purchase of treasury shares						(57)
Restricted stock payment						15,581
Change in scope of consolidation						43,620
Net changes in items other than shareholders' equity	6,380	(86,803)	(80,423)	19,931	84,678	24,186
Total changes during period	6,380	(86,803)	(80,423)	19,931	84,678	414,940
Balance at end of period	(1,513)	(43,314)	(44,827)	47,790	558,461	8,374,426

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Cash flows from operating activities		
Profit before income taxes	1,211,711	1,175,280
Depreciation	155,736	197,662
Amortization of goodwill	154,837	192,567
Share-based payment expenses	26,508	35,512
Increase (decrease) in allowance for doubtful accounts	5,306	(6,562)
Increase (decrease) in provision for bonuses	(101,265)	(19,412)
Increase (decrease) in provision for bonuses for directors (and other officers)	4,734	(10,130)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(12,523)	(28,483)
Impairment losses	-	53,490
Loss (gain) on valuation of investment securities	209	310,289
Loss (gain) on investments in investment partnerships	7,241	3,355
Loss (gain) on sale of non-current assets	(10,136)	-
Loss on retirement of non-current assets	7,057	5,174
Interest and dividend income	(29,813)	(42,707)
Subsidy income	(38,925)	(10,579)
Interest expenses	22,469	9,308
Commission expenses	655	749
Share issuance costs	13,857	-
Decrease (increase) in trade receivables	3,986	-
Increase (decrease) in trade receivables and contract assets	-	69,192
Decrease (increase) in inventories	(276,241)	(470,679)
Decrease (increase) in accounts receivable - other	205,339	(119,196)
Increase (decrease) in trade payables	25,643	191,468
Increase (decrease) in accounts payable - other	(35,835)	(78,756)
Increase (decrease) in accrued consumption taxes	(100,391)	(129,988)
Increase (decrease) in long-term accounts payable - other	(22,365)	(17,458)
Increase (decrease) in advances received	66,214	-
Increase (decrease) in contract liabilities	-	145,691
Decrease (increase) in pension liability adjustment	62,682	(125,113)
Other, net	(94,174)	(96,880)
Subtotal	1,252,518	1,233,797
Interest and dividends received	29,644	42,877
Interest paid	(22,625)	(8,876)
Subsidies received	38,925	10,579
Income taxes paid	(442,448)	(542,775)
Income taxes refund	92,778	517
Net cash provided by (used in) operating activities	948,793	736,120
Cash flows from investing activities		
Net decrease (increase) in time deposits	(6,002)	(6,001)
Purchase of property, plant and equipment	(42,509)	(108,340)
Proceeds from sale of property, plant and equipment	1,508	-
Purchase of intangible assets	(46,867)	(36,522)
Proceeds from sale of intangible assets	25,332	-
Purchase of investment securities	(143,389)	(51,990)
Proceeds from sale and redemption of investment securities	-	20,505

Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,090,148)	-
Payments of leasehold and guarantee deposits	(10,811)	(1,623)
Purchase of insurance funds	(36,653)	(38,958)
Proceeds from cancellation of insurance funds	-	23,887
Other, net	(15,278)	5,781
Net cash provided by (used in) investing activities	(3,364,819)	(193,261)

(Thousand yen)

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(200,000)	-
Repayments of long-term borrowings	(619,952)	(868,223)
Redemption of bonds	(114,250)	-
Proceeds from issuance of shares	2,091,330	-
Share issuance cost	(13,857)	-
Purchase of treasury shares	(40)	(57)
Dividends paid	(254,912)	(310,731)
Dividends paid to non-controlling interests	(14,172)	(45,811)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(24,000)	-
Other, net	(1,810)	(2,205)
Net cash provided by (used in) financing activities	848,334	(1,227,027)
Effect of exchange rate change on cash and cash equivalents	2,176	4,088
Net increase (decrease) in cash and cash equivalents	(1,565,514)	(680,080)
Cash and cash equivalents at beginning of period	4,819,861	3,298,005
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	43,658	-
Cash and cash equivalents at end of period	3,298,005	2,617,924