

Translation

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Summary of Consolidated Financial Results for the Six Months Ended March 31, 2021 (Based on Japanese GAAP)

May 11, 2021

Company name: PCI Holdings, Inc.
 Stock exchange listing: Tokyo
 Stock code: 3918 URL <https://www.pci-h.co.jp/>
 Representative: Representative Director and Chairman Toyomi Amano
 Director and General Manager of Corporate Planning Headquarters Naohiro Iguchi TEL 03-6858-0530
 Inquiries: Naohiro Iguchi
 Scheduled date to file Quarterly Securities Report: May 14, 2021
 Scheduled date to commence dividend payments: June 11, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2021 (from October 1, 2020 to March 31, 2021)

(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	%
Six months ended March 31, 2021	8,207	(5.2)	372	(12.3)	394	(10.5)	214	99.5
Six months ended March 31, 2020	8,661	6.8	424	9.7	441	13.0	107	(43.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2021	26.07		26.05	
Six months ended March 31, 2020	13.09		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	18,573	5,509	27.3	615.12
As of September 30, 2020	12,442	5,427	40.4	609.61

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, 2020	-	30.00	-	16.00	-
Year ending September 30, 2021	-	15.00	-	-	-
Year ending September 30, 2021 (Forecast)	-	-	-	16.00	31.00

3. Forecast of consolidated financial results for the year ending September 30, 2021 (from October 1, 2020 to September 30, 2021)

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	21,200	26.5	950	26.6	965	19.9	525	83.0	63.73

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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 March 31, 2021	8,522,400 shares	As of September 30, 2020	8,522,400 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	285,038 shares	As of September 30, 2020	285,006 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2021	8,237,372 shares	Six months ended March 31, 2020	8,225,804 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	4,831,902	4,193,949
Notes and accounts receivable - trade	2,978,135	4,613,611
Electronically recorded monetary claims - operating	314,056	1,596,994
Inventories	219,025	1,028,055
Other	282,539	914,728
Total current assets	8,625,660	12,347,339
Non-current assets		
Property, plant and equipment	260,392	998,584
Intangible assets		
Goodwill	979,710	2,409,711
Other	375,822	231,924
Total intangible assets	1,355,533	2,641,636
Investments and other assets		
Investment securities	1,385,787	1,459,542
Other	814,619	1,126,021
Total investments and other assets	2,200,407	2,585,564
Total non-current assets	3,816,333	6,225,784
Deferred assets	21	–
Total assets	12,442,015	18,573,124
Liabilities		
Current liabilities		
Accounts payable - trade	950,880	2,213,181
Electronically recorded obligations - operating	–	401,138
Short-term borrowings	200,000	3,700,000
Current portion of bonds payable	106,250	5,000
Current portion of long-term borrowings	619,952	735,478
Accounts payable - other	369,431	591,185
Income taxes payable	226,809	67,168
Provision for bonuses	335,718	710,159
Provision for bonuses for directors (and other officers)	26,061	10,303
Provision for loss on order received	1,430	5,670
Provision for after cost	–	750
Asset retirement obligations	10,122	–
Other	741,566	1,171,783
Total current liabilities	3,588,221	9,611,820
Non-current liabilities		
Long-term borrowings	2,753,334	2,359,666
Provision for retirement benefits for directors (and other officers)	46,068	10,670
Retirement benefit liability	159,958	158,543
Asset retirement obligations	72,115	454,970
Other	394,599	467,522
Total non-current liabilities	3,426,074	3,451,373
Total liabilities	7,014,295	13,063,193

(Thousands of yen)

	As of September 30, 2020	As of March 31, 2021
Net assets		
Shareholders' equity		
Share capital	1,046,232	1,046,232
Capital surplus	2,648,772	2,646,375
Retained earnings	1,632,236	1,716,630
Treasury shares	(370,604)	(370,644)
Total shareholders' equity	4,956,637	5,038,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64,958	28,385
Total accumulated other comprehensive income	64,958	28,385
Share acquisition rights	10,015	18,355
Non-controlling interests	396,106	424,595
Total net assets	5,427,719	5,509,930
Total liabilities and net assets	12,442,015	18,573,124

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Net sales	8,661,344	8,207,653
Cost of sales	6,354,753	6,002,002
Gross profit	2,306,590	2,205,651
Selling, general and administrative expenses	1,882,078	1,833,360
Operating profit	424,512	372,291
Non-operating income		
Interest and dividend income	11,853	11,560
Subsidy income	6,012	20,610
Other	10,390	5,742
Total non-operating income	28,256	37,913
Non-operating expenses		
Interest expenses	7,173	11,027
Commission expenses	421	404
Loss on investments in investment partnerships	3,691	2,781
Other	414	1,022
Total non-operating expenses	11,702	15,236
Ordinary profit	441,067	394,968
Extraordinary income		
Gain on sales of non-current assets	500	–
Gain on cancellation of leases	–	633
Total extraordinary income	500	633
Extraordinary losses		
Loss on retirement of non-current assets	216	–
Loss on valuation of investment securities	199,610	–
Other	6,366	–
Total extraordinary losses	206,192	–
Profit before income taxes	235,374	395,601
Income taxes - current	212,998	153,305
Income taxes - deferred	(100,660)	5,502
Total income taxes	112,338	158,808
Profit	123,035	236,793
Profit attributable to non-controlling interests	15,386	22,075
Profit attributable to owners of parent	107,649	214,717

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Profit	123,035	236,793
Other comprehensive income		
Valuation difference on available-for-sale securities	(42,628)	(36,573)
Total other comprehensive income	(42,628)	(36,573)
Comprehensive income	80,407	200,219
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	65,020	178,144
Comprehensive income attributable to non-controlling interests	15,386	22,075

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	235,374	395,601
Depreciation	52,123	56,074
Amortization of goodwill	52,290	52,870
Increase (decrease) in allowance for doubtful accounts	(266)	(1,176)
Increase (decrease) in provision for loss on order received	9,445	4,240
Increase (decrease) in provision for bonuses	160,004	56,990
Increase (decrease) in provision for bonuses for directors (and other officers)	(11,446)	(15,758)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,260	(46,068)
Loss on retirement of non-current assets	216	–
Loss (gain) on valuation of investment securities	199,610	–
Loss (gain) on investments in investment partnerships	3,691	2,781
Interest and dividend income	(11,853)	(11,560)
Subsidy income	(6,012)	(20,610)
Interest expenses	7,173	11,027
Commission expenses	421	404
Decrease (increase) in trade receivables	544,450	(121,274)
Decrease (increase) in inventories	(25,826)	(12,779)
Increase (decrease) in trade payables	8,833	(147,227)
Increase (decrease) in accounts payable - other	(379,419)	(71,854)
Increase (decrease) in accrued consumption taxes	77,025	(166,463)
Increase (decrease) in long-term accounts payable - other	(20,000)	41,105
Other, net	(157,991)	(30,736)
Subtotal	739,105	(24,410)
Interest and dividends received	11,516	11,536
Interest paid	(6,968)	(12,856)
Proceeds from subsidy income	6,012	20,610
Income taxes paid	(144,542)	(295,317)
Income taxes refund	38,289	5,049
Net cash provided by (used in) operating activities	643,411	(295,388)
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,284)	(21,427)
Purchase of intangible assets	(13,391)	(32,942)
Payments for asset retirement obligations	(140)	(10,200)
Purchase of investment securities	(22,200)	(140,889)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(3,090,148)
Payments of leasehold and guarantee deposits	(1,163)	(10,436)
Proceeds from refund of leasehold and guarantee deposits	863	32
Purchase of insurance funds	(6,128)	(6,128)
Net decrease (increase) in time deposits	(3,001)	(3,001)
Other, net	(929)	–
Net cash provided by (used in) investing activities	(63,375)	(3,315,143)

(Thousands of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	360,000	3,500,000
Repayments of long-term borrowings	(387,214)	(318,142)
Redemption of bonds	(118,750)	(106,250)
Purchase of treasury shares	(58)	(40)
Dividends paid	(123,333)	(131,520)
Dividends paid to non-controlling interests	(16,019)	(14,172)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	238,200	–
Other, net	(1,393)	(981)
Net cash provided by (used in) financing activities	(48,568)	2,928,893
Effect of exchange rate change on cash and cash equivalents	7	27
Net increase (decrease) in cash and cash equivalents	531,475	(681,611)
Cash and cash equivalents at beginning of period	3,186,721	4,819,861
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	43,658
Cash and cash equivalents at end of period	3,718,197	4,181,908