

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended September 30, 2020  
(Based on Japanese GAAP)**

November 13, 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 of ordinary general meeting of shareholders: December 18, 2020  
 Scheduled date to file Securities Report: December 21, 2020  
 Scheduled date to commence dividend payments: December 21, 2020  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

(1) Consolidated operating results

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	%
Year ended September 30, 2020	16,758	1.3	750	(8.7)	804	(4.6)	286	(37.6)
Year ended September 30, 2019	16,540	14.1	822	12.8	843	9.4	459	(2.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2020	34.85	–	5.8	6.8	4.5
Year ended September 30, 2019	55.47	–	9.3	8.2	5.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	12,442	5,427	40.4	609.61
As of September 30, 2019	11,315	5,033	43.0	591.52

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2020	1,329	(523)	827	4,819
Year ended September 30, 2019	334	(442)	1,324	3,186

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2019	–	30.00	–	30.00	60.00	246	54.1	5.0
Year ended September 30, 2020	–	30.00	–	16.00	–	255	89.0	5.2
Year ending September 30, 2021 (Forecast)	–	15.00	–	16.00	31.00		53.2	

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 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, 2021	8,070	(6.8)	280	(34.0)	290	(34.3)	150	39.3	18.21
Full year	17,000	1.4	865	15.3	880	9.3	480	67.3	58.27

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of September 30, 2020	8,522,400 shares	As of September 30, 2019	8,522,400 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	285,006 shares	As of September 30, 2019	297,152 shares
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Average number of shares during the period

Year ended September 30, 2020	8,231,599 shares	Year ended September 30, 2019	8,290,238 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of September 30, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	3,198,761	4,831,902
Notes and accounts receivable - trade	3,529,860	2,978,135
Electronically recorded monetary claims - operating	486,892	314,056
Inventories	164,744	219,025
Other	371,259	282,539
Total current assets	7,751,518	8,625,660
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	156,768	141,350
Other, net	144,099	119,042
Total property, plant and equipment	300,868	260,392
Intangible assets		
Goodwill	1,084,292	979,710
Other	353,065	375,822
Total intangible assets	1,437,358	1,355,533
Investments and other assets		
Investment securities	1,063,066	1,385,787
Deferred tax assets	227,012	236,828
Retirement benefit asset	9,593	9,505
Other	526,102	570,621
Allowance for doubtful accounts	(808)	(2,336)
Total investments and other assets	1,824,967	2,200,407
Total non-current assets	3,563,194	3,816,333
Deferred assets		
Organization expenses	288	—
Bond issuance costs	478	21
Total deferred assets	766	21
Total assets	11,315,479	12,442,015

(Thousands of yen)

	As of September 30, 2019	As of September 30, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	980,410	950,880
Short-term borrowings	–	200,000
Current portion of bonds payable	237,500	106,250
Current portion of long-term borrowings	574,428	619,952
Accounts payable - other	618,844	369,431
Income taxes payable	58,118	226,809
Accrued consumption taxes	158,927	349,356
Provision for bonuses	273,176	335,718
Provision for bonuses for directors (and other officers)	22,973	26,061
Provision for loss on order received	5,433	1,430
Provision for after cost	6,100	–
Asset retirement obligations	937	10,122
Other	625,425	392,209
<b>Total current liabilities</b>	<b>3,562,275</b>	<b>3,588,221</b>
<b>Non-current liabilities</b>		
Bonds payable	106,250	–
Long-term borrowings	1,903,286	2,753,334
Provision for retirement benefits for directors (and other officers)	47,328	46,068
Retirement benefit liability	180,348	159,958
Asset retirement obligations	81,756	72,115
Other	400,332	394,599
<b>Total non-current liabilities</b>	<b>2,719,301</b>	<b>3,426,074</b>
<b>Total liabilities</b>	<b>6,281,577</b>	<b>7,014,295</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,046,232	1,046,232
Capital surplus	2,650,082	2,648,772
Retained earnings	1,592,272	1,632,236
Treasury shares	(386,410)	(370,604)
<b>Total shareholders' equity</b>	<b>4,902,177</b>	<b>4,956,637</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(36,742)	64,958
<b>Total accumulated other comprehensive income</b>	<b>(36,742)</b>	<b>64,958</b>
Share acquisition rights	–	10,015
Non-controlling interests	168,466	396,106
<b>Total net assets</b>	<b>5,033,901</b>	<b>5,427,719</b>
<b>Total liabilities and net assets</b>	<b>11,315,479</b>	<b>12,442,015</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Net sales	16,540,922	16,758,152
Cost of sales	12,191,129	12,258,877
Gross profit	4,349,792	4,499,274
Selling, general and administrative expenses	3,527,714	3,749,066
Operating profit	822,078	750,207
Non-operating income		
Interest and dividend income	15,005	26,252
Subsidy income	19,052	36,796
Other	7,607	13,513
Total non-operating income	41,665	76,562
Non-operating expenses		
Interest expenses	13,429	13,293
Commission expenses	2,181	1,340
Loss on investments in investment partnerships	3,686	6,490
Other	1,099	821
Total non-operating expenses	20,397	21,946
Ordinary profit	843,346	804,823
Extraordinary income		
Gain on sales of non-current assets	6,519	500
Gain on donation of non-current assets	1,000	–
Gain on sales of investment securities	2,162	–
Gain on bargain purchase	24,228	–
Insurance claim income	17,849	–
Total extraordinary income	51,760	500
Extraordinary losses		
Loss on retirement of non-current assets	1,407	266
Loss on valuation of investment securities	63,352	209,989
Retirement benefits for directors (and other officers)	20,000	–
Other	4,652	6,741
Total extraordinary losses	89,412	216,996
Profit before income taxes	805,695	588,326
Income taxes - current	330,720	333,204
Income taxes - deferred	(22,695)	(38,436)
Total income taxes	308,024	294,767
Profit	497,670	293,558
Profit attributable to non-controlling interests	37,803	6,654
Profit attributable to owners of parent	459,866	286,904

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Profit	497,670	293,558
Other comprehensive income		
Valuation difference on available-for-sale securities	(74,378)	101,701
Total other comprehensive income	(74,378)	101,701
Comprehensive income	423,292	395,259
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	385,488	388,605
Comprehensive income attributable to non-controlling interests	37,803	6,654

## Consolidated statements of changes in equity

Fiscal year ended September 30, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,045,165	2,650,685	1,487,264	(150,930)	5,032,185
Changes during period					
Issuance of new shares	1,067	1,067			2,134
Dividends of surplus			(354,858)		(354,858)
Profit attributable to owners of parent			459,866		459,866
Purchase of treasury shares				(249,783)	(249,783)
Disposal of treasury shares		(1,670)		14,304	12,633
Net changes in items other than shareholders' equity					
Total changes during period	1,067	(603)	105,008	(235,479)	(130,007)
Balance at end of period	1,046,232	2,650,082	1,592,272	(386,410)	4,902,177

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	37,636	37,636	93,086	5,162,908
Changes during period				
Issuance of new shares				2,134
Dividends of surplus				(354,858)
Profit attributable to owners of parent				459,866
Purchase of treasury shares				(249,783)
Disposal of treasury shares				12,633
Net changes in items other than shareholders' equity	(74,378)	(74,378)	75,380	1,001
Total changes during period	(74,378)	(74,378)	75,380	(129,006)
Balance at end of period	(36,742)	(36,742)	168,466	5,033,901

Fiscal year ended September 30, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,046,232	2,650,082	1,592,272	(386,410)	4,902,177
Changes during period					
Dividends of surplus			(246,939)		(246,939)
Profit attributable to owners of parent			286,904		286,904
Purchase of treasury shares				(58)	(58)
Disposal of treasury shares		(2,139)		15,864	13,725
Sales of shares of consolidated subsidiaries		829			829
Net changes in items other than shareholders' equity					
Total changes during period	–	(1,310)	39,964	15,805	54,460
Balance at end of period	1,046,232	2,648,772	1,632,236	(370,604)	4,956,637

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	(36,742)	(36,742)	–	168,466	5,033,901
Changes during period					
Dividends of surplus					(246,939)
Profit attributable to owners of parent					286,904
Purchase of treasury shares					(58)
Disposal of treasury shares					13,725
Sales of shares of consolidated subsidiaries					829
Net changes in items other than shareholders' equity	101,701	101,701	10,015	227,640	339,357
Total changes during period	101,701	101,701	10,015	227,640	393,817
Balance at end of period	64,958	64,958	10,015	396,106	5,427,719

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	805,695	588,326
Depreciation	109,011	112,010
Amortization of goodwill	105,340	104,581
Share-based remuneration expenses	8,422	22,233
Increase (decrease) in allowance for doubtful accounts	(258)	1,527
Increase (decrease) in provision for bonuses	88,196	62,541
Increase (decrease) in provision for bonuses for directors (and other officers)	19,973	3,087
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(361,865)	(1,260)
Loss (gain) on sales of investment securities	(2,162)	–
Loss (gain) on valuation of investment securities	63,352	209,989
Loss (gain) on investments in investment partnerships	3,686	6,490
Insurance claim income	(17,849)	–
Gain on bargain purchase	(24,228)	–
Loss (gain) on sales of non-current assets	(6,519)	(500)
Gain on donation of non-current assets	(1,000)	–
Loss on retirement of non-current assets	1,407	266
Interest and dividend income	(15,005)	(26,252)
Subsidy income	(19,052)	(36,796)
Interest expenses	13,429	13,293
Commission expenses	2,181	1,340
Decrease (increase) in trade receivables	(592,480)	724,560
Decrease (increase) in inventories	(5,068)	(54,281)
Increase (decrease) in trade payables	110,395	(29,529)
Increase (decrease) in accounts payable - other	(226,378)	(261,921)
Increase (decrease) in long-term accounts payable - other	386,592	(20,000)
Increase (decrease) in advances received	65,508	(2,662)
Other, net	119,321	20,428
Subtotal	630,643	1,437,475
Interest and dividends received	15,051	26,184
Interest paid	(13,846)	(14,035)
Proceeds from subsidy income	19,052	36,796
Income taxes paid	(337,789)	(195,339)
Income taxes refund	21,449	38,289
Net cash provided by (used in) operating activities	334,560	1,329,370

(Thousands of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Cash flows from investing activities		
Net decrease (increase) in time deposits	47,559	(6,003)
Purchase of property, plant and equipment	(42,037)	(26,399)
Proceeds from sales of property, plant and equipment	6,520	1,136
Purchase of intangible assets	(153,527)	(67,134)
Purchase of investment securities	(315,769)	(394,481)
Proceeds from sales of investment securities	2,500	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,227)	–
Loan advances	(4,202)	(31,139)
Collection of loans receivable	5,472	34,369
Payments of leasehold and guarantee deposits	(8,018)	(1,290)
Purchase of insurance funds	–	(36,236)
Proceeds from cancellation of insurance funds	40,956	–
Other, net	(17,568)	3,333
Net cash provided by (used in) investing activities	(442,343)	(523,845)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	200,000
Repayments of long-term borrowings	(232,102)	(704,428)
Proceeds from long-term borrowings	2,400,000	1,600,000
Redemption of bonds	(237,500)	(237,500)
Proceeds from issuance of shares	2,134	–
Purchase of treasury shares	(249,783)	(58)
Dividends paid	(353,882)	(246,901)
Dividends paid to non-controlling interests	–	(16,019)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	238,200
Other, net	(4,207)	(5,662)
Net cash provided by (used in) financing activities	1,324,659	827,631
Effect of exchange rate change on cash and cash equivalents	(45)	(17)
Net increase (decrease) in cash and cash equivalents	1,216,830	1,633,139
Cash and cash equivalents at beginning of period	1,969,890	3,186,721
Cash and cash equivalents at end of period	3,186,721	4,819,861