



Financial Results for the Three Months Ended December 31, 2023

PCI Holdings, INC.
(TSE Standard Market: 3918)

February 7, 2024

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Major News Releases

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(Reference) About the PCI Group

Major News Releases for Q1 FY9/2024



Release Date	Classification	Description
Oct. 26, 2023	PR Information	PCI Solutions, INC. plans to exhibit a backlog linkage service with Amazon Connect at the “Call Center / CRM Demo. & Conference 2023 in Tokyo”
Oct. 31	PR Information	Announcement : Privatech, Inc. made a contract with ArchiTek Corporation as a business partner.
Nov. 10	Timely Disclosure	Financial Results for the FY9/2023
Nov. 15	Timely Disclosure	Publication : Long-term Vision and the Medium-term Management Plan
Nov. 24	Timely Disclosure	Briefing Materials of Financial Results for the FY9/2023
Nov. 27	Shareholders’ MTG	Notice : the 19th Ordinary General Meeting of Shareholders
Dec. 14	Others	PCI Solutions, INC. developed an application “GMO Sign for Slack” cooperated with GMO, INC.
Dec. 14	Timely Disclosure	Notice : Purchase Completed of Treasury Shares
Dec. 20	Timely Disclosure	Notice : Cancellation of Treasury Shares
Dec. 21	Annual. Sec. Report	Annual Securities Report for the FY9/2023
Dec. 26	PR Information	SORD CORPORATION plans to exhibit a newly developed computer at the “Japan IT Week (West)”

Q1 FY9/2024 Financial Results

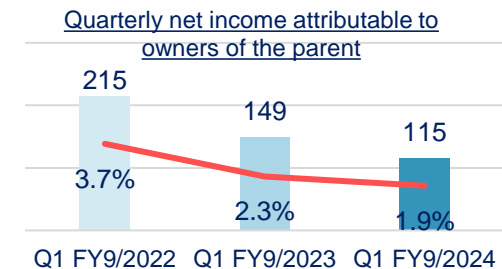
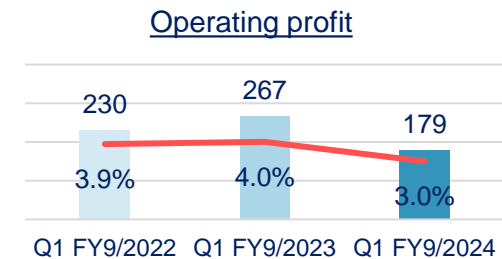
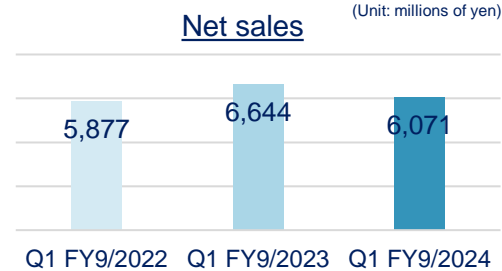


Consolidated Financial Results for Q1 FY9/2024



- Net sales and each level profit all decreased compared to the same period last year due to the previous fiscal year's events such as the sale of subsidiary and the large-size spot projects.
- The results exceeded the planned targets in the first quarter, but our efforts to achieve the year's goals must be strengthened.

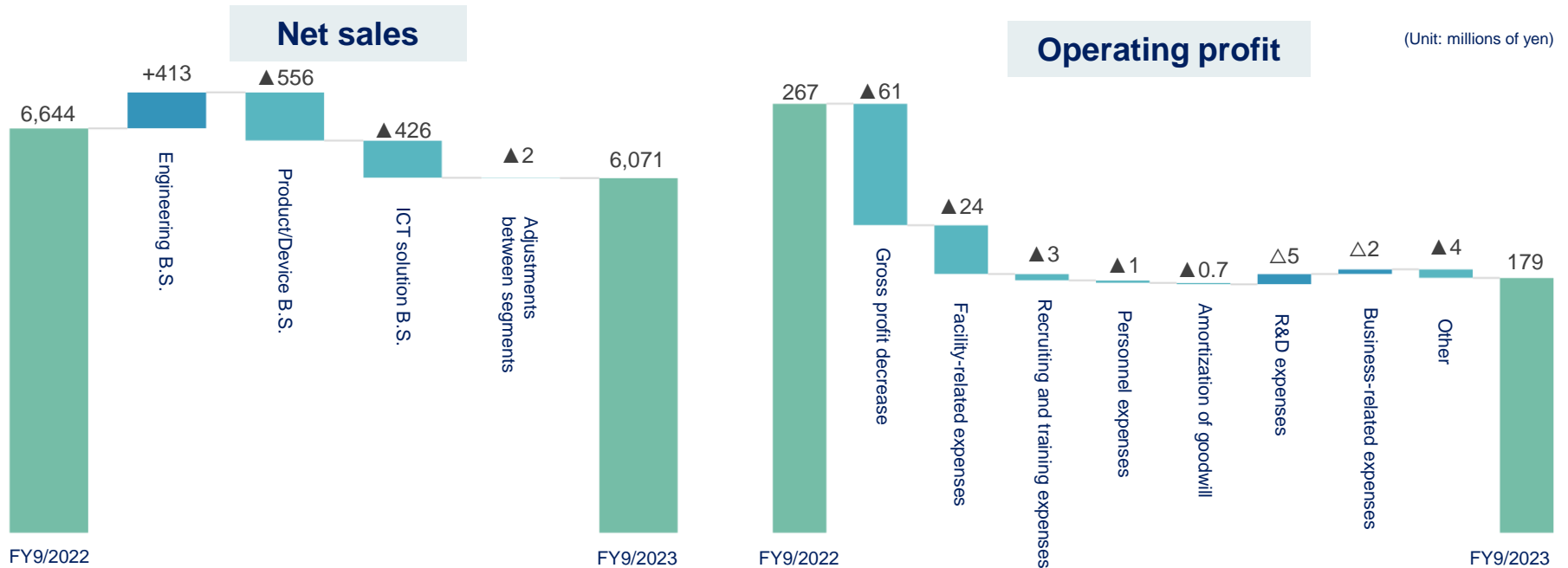
(Unit: millions of yen)	Q1 FY9/2023	Q1 FY9/2024	Amount of increase/decrease	Percentage of increase/decrease	Comparison to Q1 planned target
Net sales	6,644	6,071	▲573	▲8.6%	+351
Gross profit	1,427	1,366	▲61	▲4.3%	—
Gross profit margin	21.5%	22.5%	+1.0p	—	—
SG&A expenses	1,159	1,186	+26	+2.3%	—
Operating profit	267	179	▲88	▲33.1%	+29
Operating profit margin	4.0%	3.0%	▲1.0p	—	—
Ordinary income	278	208	▲70	▲25.2%	—
Quarterly net income attributable to owners of the parent	149	115	▲34	▲22.6%	—
EBITDA	353	262	▲91	▲25.8%	—



Factors contributing to changes in net sales and operating profit



- Net sales of Engineering Business Segment increased compared to the same period last year, but those of Product/Device Business Segment and of ICT Solution Business Segment decreased.
- Operating profit decreased by (88) mil. yen, because gross profit decreased by (61) mil. yen and SG&A expenses increased by +26 mil. yen. The main cause of SG&A increase was the expense of relocation of offices, not permanent one.



Financial Results by Business Segments



- **Engineering B.S.** : The embedded sector, particularly in the automotive domain, and the enterprise sector, especially in the financial domain, were performing well. ERP businesses held by PJS Inc. contributed to net sales.
- **Product/Device B.S.** : The profit margin of the embedded-computer sector increased due to increase in sales prices. In the semiconductor sector, an order of first LSI turnkey project was realized.
- **ICT Solution B.S.** : Due to the sale of subsidiary in the previous fiscal year, the revenue, profit, and profit margin of the segment decreased as planned. Projects such as related to Internet of Things, Supply Chain Management, and/or call-center support were realized.

(Unit: millions of yen)	Net Sales		Gross Profit		Segment Profit		
	Q1 FY9/2024	YoY Change	(Profit Margin)	YoY Change	(Profit Margin)	YoY Change	
Engineering Business	3,427	+413 (+13.7%)	752 (21.9%)	+99 (+15.2%)	287 (8.4%)	+43 (+17.9%)	Stable Core Businesses
Product/Device Business	2,136	▲556 (▲20.7%)	454 (21.3%)	+88 (+24.2%)	66 (3.1%)	+44 (+201.9%)	
ICT Solutions Business	534	▲426 (▲44.4%)	171 (32.2%)	▲250 (▲59.3%)	15 (2.9%)	▲161 (▲91.2%)	Growth Drivers
Consolidated Financial Results	6,071	▲573 (▲8.6%)	1,366 (22.5%)	▲61 (▲4.3%)	179 (3.0%)	▲88 (▲33.1%)	

(Reference) Consolidated Balance Sheet



- Total assets decreased by (1,267) mil. yen from the end of the previous fiscal year to 16,360 mil. yen. Total liabilities decreased by (1,065) mil. yen to 7,463 mil. yen.
- Total net assets decreased by (201) mil. yen to 8,897 mil. yen. The equity ratio increased +2.8 percent point to 51.5%.
- Increase/decrease in these figures were due to payments of dividends, corporate taxes and bonuses. The purchase of treasury shares and the collection of accounts receivable were also impacted.

(Unit: millions of yen)		FY9/2023	Q1 FY9/2024
Current assets		12,505	11,329
	Cash and deposits	4,108	3,154
	Trade receivables	6,450	6,003
	Other	1,947	2,172
Non-current assets		5,120	5,029
	Property, plant and equipment	854	882
	Goodwill	1,779	1,734
	Other	2,487	2,413
Total assets		17,627	16,360

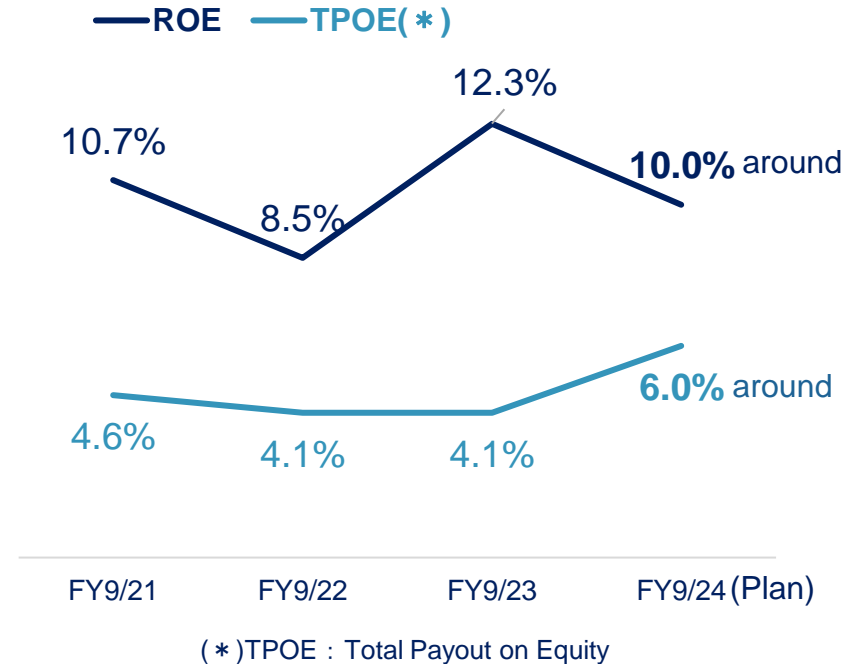
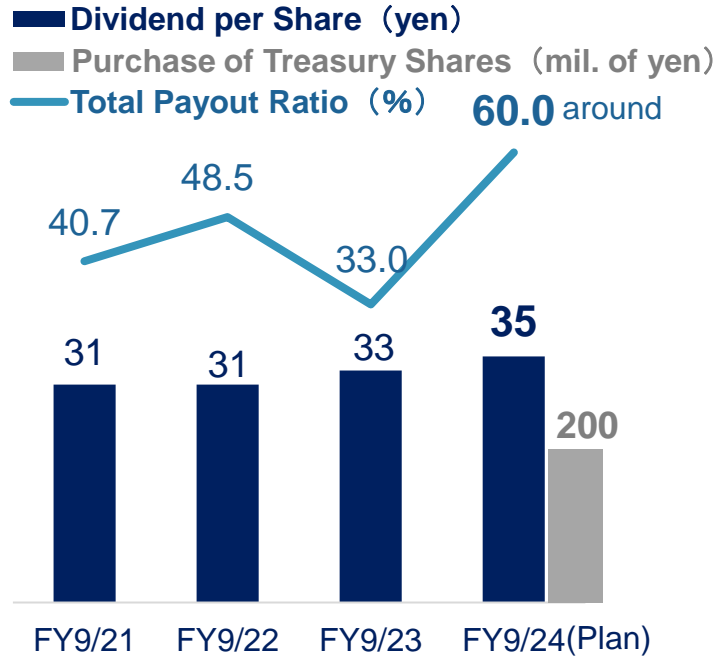
(Unit: millions of yen)		FY9/2023	Q1 FY9/2024
Current liabilities		6,998	6,061
	Trade payables	2,985	2,908
	Borrowings and bonds payable	833	712
	Other	3,180	2,441
Non-current liabilities		1,530	1,401
	Borrowings and bonds payable	755	626
	Retirement benefit liabilities	155	150
	Other	620	625
Total liabilities		8,528	7,463
Total net assets		9,098	8,897
Total liabilities and net assets		17,627	16,360

Return to Shareholders



Return to Shareholders

- The consolidated dividend for FY9/2024 is planned +2 yen to 35 yen (interim:17 yen, year-end:18 yen).
- Treasury shares, the amount of around 200 mil yen, have been purchased already.
- The total payout ratio will be over than 60% in FY9/2024.



Major Topics for the First Quarter



(1)The 19th Ordinary General Meeting of Shareholders (2)Purchase and Cancellation of Treasury Shares

Proposals & Results	Proposals		Rslt.
	1	Appropriation of Surplus	Adpt.
2	Partial Amendment to the Articles of Incorporation	Adpt.	
3	Election of Six Directors	Adpt.	
4	Issuance of Share Acquisition Rights as Stock Options	Adpt.	

Major Questions & Opinions
a) appreciation to the dividend payment
b) effects from the change of listing market, and plans for returning to the Prime market
c) to raise ROE, any components of ROE (NPM*ROA*FL) should be improved
d) higher stock price

The Meeting Overview
·Date & Time : Dec. 20, 2023 10:00-10:58am
·# of Shareholders : 1,503(attend)/4,912(all)
·# of Voting Rights : 58,110(attend)/100,725(all)

Objectives
·enrich values for shareholders continuously
·increase corporate value by improving capital efficiency in long term

Purchase of Treasury Shares
a) Share Purchase Period : Nov.16-Dec.13,2023 (settlement base)
b) # of Share Purchased : 192,800 shares
c) Total Amount Purchased : 199,910,800 yen
*) Shares purchased through TSE market

Cancellation of Treasury Shares
a) Date of Implementation : Dec. 20, 2023
b) # of Share Cancelled : 200,000 shares
c) Shares after Cancellation
·Total # of Shares Issued : 10,122,400 shares
·# of Treasury Shares : 237,585 shares

Company Profile



Corporate Philosophy

We pursue the happiness of all our employees through customer satisfaction, and contribution to the development of society.

The meaning of PCI
Positively, Change, Innovate

Corporate Name	PCI Holdings, Inc.	Capital	2,091 million yen (As of September 30, 2023)
Established	April 2005	Net sales (Consolidated)	28,491 million yen (FY9/2023 results) 26,300 million yen (FY9/2024 forecast)
Listing	Tokyo Stock Exchange Standard Market (Securities code: 3918)	Operating profit (Consolidated)	1,709 million yen (FY9/2023 results) 1,510 million yen (FY9/2024 forecast)
Location	1-21-19 Toranomom, Minato-ku, Tokyo, 105-0001	No. of employees (Consolidated)	1,621 (As of September 30, 2023)
Representatives	Toyomi Amano, Chairman Kunio Yokoyama, President	Consolidated subsidiaries	PCI Solutions INC. SORD CORPORATION PRIVATECH Inc.

Composition of the PCI Group



PCI Holdings



Representatives: Toyomi Amano
Kunio Yokoyama
Established: April 2005
Capital: 2,091 million yen

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

- Group company integration
- Corporate action planning and promotion
- Internal control and internal auditing of the entire group
- Centralized management of finance, accounting, procurement of funds, etc.

Capital and business alliances



Restar Holdings Corporation

(TSE Prime Market:3156)



50%



PCI Solutions



<https://www.pci-sol.com/>

Representatives: Toyomi Amano
Motomasa Moriya
Established: September 2012
Capital: 360 million yen

Embedded development,
financial systems, IoT solutions,
IT infrastructure building,
sales and maintenance of mainframe

100%

SORD



<https://www.sord.co.jp/>

Representative: Yuji Sudo
Established: April 1970
Capital: 499 million yen

Embedded PC sales, design,
manufacturing, and maintenance
services

50%

Privatech



<https://privatech.jp>

Representative: Yasuhiro Yamashita
Established: April 1989
Capital: 100 million yen

Semiconductor solutions
Software and hardware development
FPGA development

Business Companies and Description of Business



PCI Solutions

- Software engineering company that provides technical capabilities for any industry or field
- Particularly strong in embedded systems development

SORD

- The first PC manufacturer in Japan
- 50 years in business and highly reliable technology
- Embedded PC manufacturer

PRIVATECH

- System engineering company with strengths in semiconductor design and testing technologies
- Testing house located near the Tokyo metropolitan area

Engineering Business

Information technology services that meet customer requirements and specifications in a wide range of industries

- **Embedded software development**
(Manufacturers: mainly for automotive, telecommunications, information appliances, etc.)
- **Enterprise software development**
(System integrators: mainly for finance, distribution, manufacturing, government, etc.)

- **Kitting services**
(System integrators and manufacturers: mainly for medical, retail, etc.)
- **Call center services**
(Manufacturers: PC help desk, etc.)

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Product/Device Business

Design, development, and sales of hardware products and devices for specific industries

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- **Development of embedded computers**
(Manufacturers: for medical equipment, printing machines, etc.)
- **Computer development for edge computing**
(System integrators: for medical, retail, etc.)

- **Design and testing of semiconductors**
(For semiconductor manufacturers)
- **LSI turnkey service**
(For electronic device manufacturers)

ICT Solutions Business

Problem solving through consulting and services that utilize ICT in a wide range of fields

- **Solutions using AI**
- **Cloud service Integration**

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- **IoT solutions**
- **Solutions using AI**

Mutual collaboration by topic and by project

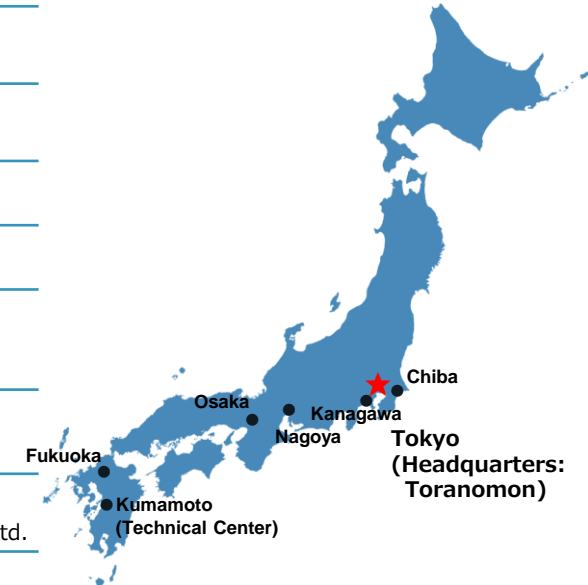
Executive Structure and List of Offices



Executive structure

Position	Name	Career, etc.
Chairman	Toyomi Amano	Managing Director, NCR Japan, Ltd. Director, The Shinkin Banks Information System Center Co., Ltd.
President	Kunio Yokoyama	Managing Executive Officer, Sumitomo Mitsui Banking Corporation President and CEO, Sumitomo Mitsui Asset Management Co., Ltd. President and CEO, JAPAN POST Co., Ltd.
Senior Managing Director	Yasuhiro Horibe	Executive Officer, General Manager of the Solution Business Division, Mitsubishi Research Institute, Inc. President and Representative Director, PCI Solutions INC.
Director	Naohiro Iguchi	General Manager, Corporate Planning Office, Profit Cube Inc.
Director	Kazuya Sugizono	General Manager, Finance & Accounting Office, Profit Cube Inc.
Outside Director	Taneaki Ono	Partner and Managing Director, Goldman Sachs Japan Co. Ltd. Executive Officer, Sumitomo Mitsui Banking Corporation Senior Managing Executive Officer, JAPAN POST Co., Ltd. President and Representative Director, Japan Post Capital Co., Ltd.
Outside Director (Full-time Audit & Supervisory Committee Member)	Hirokazu Ohira	Assistant Director, Special Finance Division, Banking Bureau, Ministry of Finance Director, Financial Consulting Division, Deloitte Touche Tohmatsu LLC Director and Chairman of the Board, Regional Financial Laboratory, Inc.
Outside Director (Audit & Supervisory Committee Member)	Akiko Takahara	Mitsubishi Corporation Outside Director (Audit & Supervisory Committee Member), Wantedly Inc. Outside Director (Audit & Supervisory Committee Member), LiB Consulting Co., Ltd.
Outside Director (Audit & Supervisory Committee Member)	Masahiro Nomura	Asahi Audit Corporation (currently KPMG AZSA & Co.) Representative Director, Avance Consulting Inc. Agata Global Tax Corporation Secretary, The Japanese Institute of Certified Public Accountants, Tokyo Chapter
Outside Director (Audit & Supervisory Committee Member)	Takako Sakae	Ministry of Agriculture, Forestry, and Fisheries Igaki Law & Patent Office

List of offices



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Therefore, please be aware that, due to various factors, actual results may differ materially from those projected in the forward-looking statements. In the event that you suffer any loss or damage based on this information, neither our Company nor the information providers shall be liable for any loss or damage.

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