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Consolidated Financial Results for the Six Months Ended March 31, 2022 [Japanese GAAP]

May 10, 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 filing quarterly securities report: May 13, 2022

Scheduled date of commencing dividend payments: June 10, 2022

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended March 31, 2022 (October 01, 2021 to March 31, 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	%
Six months ended March 31, 2022	12,685	54.6	805	116.3	835	111.5	509	137.2
March 31, 2021	8,207	(5.2)	372	(12.3)	394	(10.5)	214	99.5

(Note) Comprehensive income: Six months ended March 31, 2022: ¥ 626 million [213.0%]
Six months ended March 31, 2021: ¥ 200 million [149.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2022	50.68	-
March 31, 2021	26.07	26.05

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	17,028	8,395	46.0	780.31
September 30, 2021	17,391	7,950	42.8	741.28

(Reference) Equity: As of March 31, 2022: ¥ 7,840 million
As of September 30, 2021: ¥ 7,448 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2021	-	15.00	-	16.00	31.00
Fiscal year ending September 30, 2022	-	15.00			
Fiscal year ending September 30, 2022 (Forecast)			-	16.00	31.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending September 30, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2022(October 01, 2021 to September 30, 2022)

(% 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
Full year	26,500	24.7	1,400	19.2	1,420	17.5	820	22.4	81.61

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended March 31, 2022

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

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) 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

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

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

March 31, 2022: 10,322,400 shares

September 30, 2021: 10,322,400 shares

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

March 31, 2022: 274,185 shares

September 30, 2021: 274,138 shares

3) Average number of shares during the period:

Six months ended March 31, 2022: 10,048,240 shares

Six months ended March 31, 2021: 8,237,372 shares

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of September 30,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	3,310,046	2,307,736
Notes and accounts receivable - trade	4,314,250	-
Notes and accounts receivable - trade, and contract assets	-	5,017,956
Electronically recorded monetary claims - operating	1,771,094	1,730,910
Inventories	1,291,517	1,221,381
Other	511,173	542,023
Total current assets	11,198,082	10,820,007
Non-current assets		
Property, plant and equipment	946,615	950,297
Intangible assets		
Goodwill	2,299,418	2,242,931
Other	194,166	137,871
Total intangible assets	2,493,585	2,380,803
Investments and other assets	2,753,034	2,877,178
Total non-current assets	6,193,235	6,208,279
Total assets	17,391,318	17,028,286
Liabilities		
Current liabilities		
Accounts payable - trade	1,731,228	1,731,151
Electronically recorded obligations - operating	1,056,150	907,959
Current portion of long-term borrowings	868,223	870,737
Accounts payable - other	567,138	433,665
Income taxes payable	299,742	154,310
Provision for bonuses	551,903	566,984
Provision for bonuses for directors (and other officers)	30,795	12,776
Provision for loss on order received	-	4,483
Asset retirement obligations	19,256	10,175
Other	1,381,012	1,378,961
Total current liabilities	6,505,451	6,071,206
Non-current liabilities		
Long-term borrowings	1,925,111	1,488,929
Provision for retirement benefits for directors (and other officers)	44,214	35,824
Retirement benefit liability	135,208	212,603
Asset retirement obligations	440,159	441,317
Other	391,000	382,768
Total non-current liabilities	2,935,694	2,561,443
Total liabilities	9,441,145	8,632,649

(Thousand yen)

	As of September 30,2021	As of March 31,2022
Net assets		
Shareholders' equity		
Share capital	2,091,897	2,091,897
Capital surplus	3,629,354	3,679,617
Retained earnings	2,048,153	2,405,718
Treasury shares	(356,470)	(356,528)
Total shareholders' equity	7,412,935	7,820,705
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7,893)	12,396
Remeasurements of defined benefit plans	43,489	7,608
Total accumulated other comprehensive income	35,595	20,005
Share acquisition rights	27,859	37,775
Non-controlling interests	473,783	517,150
Total net assets	7,950,172	8,395,636
Total liabilities and net assets	17,391,318	17,028,286

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended March 31,2021	For the six months ended March 31,2022
Net sales	8,207,653	12,685,058
Cost of sales	6,002,002	9,384,592
Gross profit	2,205,651	3,300,466
Selling, general and administrative expenses	1,833,360	2,495,365
Operating profit	372,291	805,101
Non-operating income		
Interest and dividend income	11,560	19,259
Gain on investments in investment partnerships	-	2,027
Subsidy income	20,610	9,292
Surrender value of insurance policies	-	10,543
Other	5,742	4,732
Total non-operating income	37,913	45,855
Non-operating expenses		
Interest expenses	11,027	5,046
Commission expenses	404	499
Loss on investments in investment partnerships	2,781	-
Foreign exchange losses	-	9,067
Other	1,022	1,021
Total non-operating expenses	15,236	15,634
Ordinary profit	394,968	835,323
Extraordinary income		
Gain on cancellation of leases	633	-
Total extraordinary income	633	-
Extraordinary losses		
Impairment losses	-	57,770
Loss on redemption of investment securities	-	1,520
Other	-	980
Total extraordinary losses	-	60,271
Profit before income taxes	395,601	775,051
Income taxes - current	153,305	238,263
Income taxes - deferred	5,502	(105,433)
Total income taxes	158,808	132,830
Profit	236,793	642,221
Profit attributable to non-controlling interests	22,075	132,998
Profit attributable to owners of parent	214,717	509,222

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended March 31,2021	For the six months ended March 31,2022
Profit	236,793	642,221
Other comprehensive income		
Valuation difference on available-for-sale securities	(36,573)	20,290
Remeasurements of defined benefit plans, net of tax	-	(35,880)
Total other comprehensive income	(36,573)	(15,590)
Comprehensive income	200,219	626,630
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	178,144	493,632
Comprehensive income attributable to non-controlling interests	22,075	132,998

Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended March 31,2021	For the six months ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	395,601	775,051
Depreciation	56,074	89,624
Amortization of goodwill	52,870	100,243
Increase (decrease) in allowance for doubtful accounts	(1,176)	(5)
Increase (decrease) in provision for loss on order received	4,240	4,483
Increase (decrease) in provision for bonuses	56,990	15,081
Increase (decrease) in provision for bonuses for directors (and other officers)	(15,758)	(18,019)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(46,068)	(8,389)
Impairment losses	-	57,770
Loss (gain) on investments in investment partnerships	2,781	(2,027)
Interest and dividend income	(11,560)	(19,259)
Subsidy income	(20,610)	(9,292)
Interest expenses	11,027	5,046
Commission expenses	404	499
Decrease (increase) in trade receivables	(121,274)	-
Increase (decrease) in trade receivables and contract assets	-	(555,829)
Decrease (increase) in inventories	(12,779)	(76,269)
Increase (decrease) in trade payables	(147,227)	(148,481)
Increase (decrease) in accounts payable - other	(71,854)	(174,422)
Increase (decrease) in accrued consumption taxes	(166,463)	(102,865)
Increase (decrease) in long-term accounts payable - other	41,105	(12,059)
Increase (decrease) in contract liabilities	-	129,037
Other, net	(30,736)	(21,634)
Subtotal	(24,410)	28,280
Interest and dividends received	11,536	19,428
Interest paid	(12,856)	(4,831)
Subsidies received	20,610	9,292
Income taxes paid	(295,317)	(362,999)
Income taxes refund	5,049	517
Net cash provided by (used in) operating activities	(295,388)	(310,311)
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,427)	(25,429)
Purchase of intangible assets	(32,942)	(22,956)
Payments for asset retirement obligations	(10,200)	(4,297)
Purchase of investment securities	(140,889)	(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	(10,436)	(1,589)
Proceeds from refund of leasehold and guarantee deposits	32	14,680
Purchase of insurance funds	(6,128)	(3,459)
Proceeds from cancellation of insurance funds	-	23,887
Net decrease (increase) in time deposits	(3,001)	(3,001)
Other, net	-	2,200
Net cash provided by (used in) investing activities	(3,315,143)	(51,448)

(Thousand yen)

	For the six months ended March 31,2021	For the six months ended March 31,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,500,000	-
Repayments of long-term borrowings	(318,142)	(433,668)
Redemption of bonds	(106,250)	-
Purchase of treasury shares	(40)	(57)
Dividends paid	(131,520)	(160,218)
Dividends paid to non-controlling interests	(14,172)	(45,811)
Other, net	(981)	(1,023)
Net cash provided by (used in) financing activities	2,928,893	(640,778)
Effect of exchange rate change on cash and cash equivalents	27	227
Net increase (decrease) in cash and cash equivalents	(681,611)	(1,002,310)
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	4,181,908	2,295,694