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Consolidated Financial Results for the Six Months Ended March 31, 2023 [Japanese GAAP]

May 09, 2023

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 12, 2023

Scheduled date of commencing dividend payments: June 09, 2023

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, 2023 (October 01, 2022 to March 31, 2023)

(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, 2023	14,258	12.4	875	8.7	894	7.1	503	(1.1)
March 31, 2022	12,685	54.6	805	116.3	835	111.5	509	137.2

(Note) Comprehensive income: Six months ended March 31, 2023: ¥ 585 million [(6.6)%
Six months ended March 31, 2022: ¥ 626 million [213.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2023	50.05	-
March 31, 2022	50.68	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2023	17,924	8,705	45.5	809.22
September 30, 2022	16,915	8,374	45.9	771.99

(Reference) Equity: As of March 31, 2023: ¥ 8,155 million
As of September 30, 2022: ¥ 7,768 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, 2022	-	15.00	-	16.00	31.00
Fiscal year ending September 30, 2023	-	16.00			
Fiscal year ending September 30, 2023 (Forecast)			-	17.00	33.00

(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, 2023 :

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
Full year	30,000	19.2	1,800	24.6	1,830	18.1	1,070	66.4	106.23

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended March 31, 2023

(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: No

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, 2023: 10,322,400 shares

September 30, 2022: 10,322,400 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 244,385 shares

September 30, 2022: 259,885 shares

3) Average number of shares outstanding during the period:

Six months ended March 31, 2023: 10,067,710 shares

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

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of September 30,2022	As of March 31,2023
Assets		
Current assets		
Cash and deposits	2,629,966	2,432,562
Notes and accounts receivable - trade, and contract assets	4,779,257	5,082,709
Electronically recorded monetary claims - operating	1,344,586	1,780,525
Inventories	1,627,621	1,445,283
Other	824,490	974,830
Total current assets	11,205,922	11,715,911
Non-current assets		
Property, plant and equipment	952,359	941,910
Intangible assets		
Goodwill	2,150,607	2,455,449
Other	111,350	129,136
Total intangible assets	2,261,957	2,584,586
Investments and other assets	2,495,295	2,680,601
Total non-current assets	5,709,612	6,207,097
Deferred assets	-	1,517
Total assets	16,915,534	17,924,526
Liabilities		
Current liabilities		
Accounts payable - trade	2,091,271	2,300,940
Electronically recorded obligations - operating	888,030	999,806
Short-term borrowings	-	10,000
Current portion of bonds payable	-	30,000
Current portion of long-term borrowings	872,364	948,244
Accounts payable - other	506,466	454,363
Income taxes payable	174,844	122,507
Provision for bonuses	532,490	504,310
Provision for bonuses for directors (and other officers)	20,665	15,354
Provision for after cost	3,741	-
Asset retirement obligations	-	7,722
Other	1,419,412	1,635,545
Total current liabilities	6,509,286	7,028,794
Non-current liabilities		
Bonds payable	-	90,000
Long-term borrowings	1,052,747	1,056,205
Provision for retirement benefits for directors (and other officers)	15,730	67,242
Retirement benefit liability	128,891	121,779
Asset retirement obligations	457,218	463,906
Other	377,234	391,430
Total non-current liabilities	2,031,820	2,190,563
Total liabilities	8,541,107	9,219,357

(Thousand yen)

	As of September 30,2022	As of March 31,2023
Net assets		
Shareholders' equity		
Share capital	2,091,897	2,091,897
Capital surplus	3,670,161	3,660,522
Retained earnings	2,388,876	2,731,738
Treasury shares	(337,933)	(317,778)
Total shareholders' equity	7,813,002	8,166,380
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,513)	55,582
Remeasurements of defined benefit plans	(43,314)	(66,662)
Total accumulated other comprehensive income	(44,827)	(11,079)
Share acquisition rights	47,790	55,454
Non-controlling interests	558,461	494,413
Total net assets	8,374,426	8,705,168
Total liabilities and net assets	16,915,534	17,924,526

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 31,2022	For the six months ended March 31,2023
Net sales	12,685,058	14,258,595
Cost of sales	9,384,592	10,896,202
Gross profit	3,300,466	3,362,392
Selling, general and administrative expenses	2,495,365	2,487,082
Operating profit	805,101	875,310
Non-operating income		
Interest and dividend income	19,259	17,688
Gain on investments in investment partnerships	2,027	883
Subsidy income	9,292	1,644
Surrender value of insurance policies	10,543	-
Other	4,732	4,119
Total non-operating income	45,855	24,336
Non-operating expenses		
Interest expenses	5,046	3,627
Foreign exchange losses	9,067	-
Other	1,520	1,771
Total non-operating expenses	15,634	5,399
Ordinary profit	835,323	894,247
Extraordinary losses		
Loss on retirement of non-current assets	276	3,483
Impairment losses	57,770	-
Loss on redemption of investment securities	1,520	-
Other	703	-
Total extraordinary losses	60,271	3,483
Profit before income taxes	775,051	890,764
Income taxes - current	238,263	270,072
Income taxes - deferred	(105,433)	69,367
Total income taxes	132,830	339,439
Profit	642,221	551,324
Profit attributable to non-controlling interests	132,998	47,462
Profit attributable to owners of parent	509,222	503,861

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

(Thousand yen)

	For the six months ended March 31,2022	For the six months ended March 31,2023
Profit	642,221	551,324
Other comprehensive income		
Valuation difference on available-for-sale securities	20,290	57,096
Remeasurements of defined benefit plans, net of tax	(35,880)	(23,348)
Total other comprehensive income	(15,590)	33,748
Comprehensive income	626,630	585,072
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	493,632	537,610
Comprehensive income attributable to non-controlling interests	132,998	47,462

Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended March 31,2022	For the six months ended March 31,2023
Cash flows from operating activities		
Profit before income taxes	775,051	890,764
Depreciation	89,624	82,133
Amortization of goodwill	100,243	98,843
Increase (decrease) in provision for loss on orders received	4,483	-
Increase (decrease) in provision for bonuses	15,081	(39,928)
Increase (decrease) in provision for bonuses for directors (and other officers)	(18,019)	(5,311)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(8,389)	(8,488)
Impairment losses	57,770	-
Loss (gain) on investments in investment partnerships	(2,027)	(883)
Interest and dividend income	(19,259)	(17,688)
Subsidy income	(9,292)	(1,644)
Interest expenses	5,046	3,627
Increase (decrease) in trade receivables and contract assets	(555,829)	(593,134)
Decrease (increase) in inventories	(76,269)	245,312
Decrease (increase) in accounts receivable - other	(9,226)	(213,696)
Increase (decrease) in trade payables	(148,481)	282,523
Increase (decrease) in accounts payable - other	(174,422)	(45,367)
Increase (decrease) in accrued consumption taxes	(102,865)	88,709
Increase (decrease) in contract liabilities	129,037	122,476
Other, net	(23,974)	(3,627)
Subtotal	28,280	884,620
Interest and dividends received	19,428	17,688
Interest paid	(4,831)	(3,441)
Subsidies received	9,292	1,644
Income taxes paid	(362,999)	(336,239)
Income taxes refund	517	42,579
Net cash provided by (used in) operating activities	(310,311)	606,852
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,429)	(60,142)
Purchase of intangible assets	(22,956)	(42,455)
Payments for asset retirement obligations	(4,297)	-
Purchase of investment securities	(51,990)	(63,998)
Proceeds from sale and redemption of investment securities	20,505	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(517,109)
Payments of leasehold and guarantee deposits	(1,589)	(29,941)
Proceeds from refund of leasehold and guarantee deposits	14,680	222
Purchase of insurance funds	(3,459)	(3,459)
Proceeds from cancellation of insurance funds	23,887	-
Net decrease (increase) in time deposits	(3,001)	(3,600)
Other, net	2,200	25,409
Net cash provided by (used in) investing activities	(51,448)	(695,076)

(Thousand yen)

	For the six months ended March 31,2022	For the six months ended March 31,2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(10,000)
Proceeds from long-term borrowings	-	527,000
Repayments of long-term borrowings	(433,668)	(456,862)
Purchase of treasury shares	(57)	-
Dividends paid	(160,218)	(160,568)
Dividends paid to non-controlling interests	(45,811)	(116,234)
Other, net	(1,023)	(1,394)
Net cash provided by (used in) financing activities	(640,778)	(218,059)
Effect of exchange rate change on cash and cash equivalents	227	(651)
Net increase (decrease) in cash and cash equivalents	(1,002,310)	(306,935)
Cash and cash equivalents at beginning of period	3,298,005	2,617,924
Cash and cash equivalents at end of period	2,295,694	2,310,989