



# Financial Results for the Fiscal Year Ended September 2023

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

November 24, 2023

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## Major News Releases

1. Financial Report for the Fiscal Year Ended September 2023
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(Reference) About the PCI Group

# News Releases for the Q4 FY9/2023



Release date	Classification	Description
July 12, 2023	Other	Chairman Amano participated in the Stockvoice IR Conference Tokyo (held on July 8) as a speaker
July 27	Other	PCI Solutions INC.'s REMOKEN (abnormality detection service for solar power plants) was published in the "PVeYe" magazine
July 31	PR Information	PCI Solutions INC. participated in a demonstration experiment related to Green Slow Mobility in Sanda City, Hyogo Prefecture
August 8	Other	Publication of Integrated Report 2023 (for FY9/2022)
August 8	Timely Disclosure	Partial changes to the outline of the Next Medium-term Management Plan "PCI-VISION 2026" (released on June 27)
August 8	Financial Results	Financial Results for the Third Quarter of FY9/2023
August 10	Annual securities report	Quarterly securities report for the third quarter of FY9/2023
August 21	Timely Disclosure	Briefing Materials of Financial Results for the Third Quarter of FY9/2023
<b>August 25</b>	<b>Timely Disclosure</b>	<b>Conclusion of the share transfer agreement associated with the share transfer of leafnet Co., Ltd. and the estimated extraordinary income (updates to the details announced on June 27)</b>
August 29	Other	PCI Solutions INC. developed a backlog linkage service with Amazon Connect
<b>September 7</b>	<b>Timely Disclosure</b>	<b>Application for selecting TSE Standard Market and the status of conformity</b>

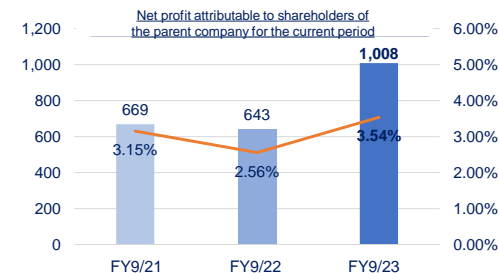
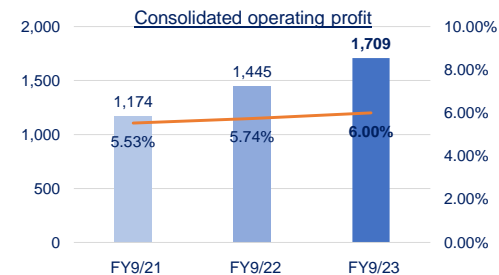
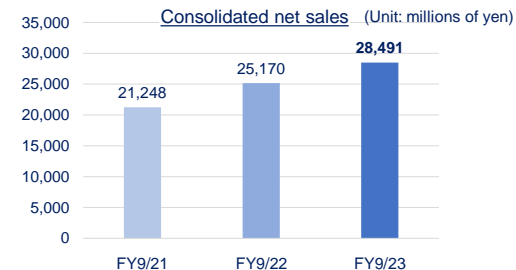
# FY9/2023 Financial Results



# Consolidated Financial Results for FY9/2023

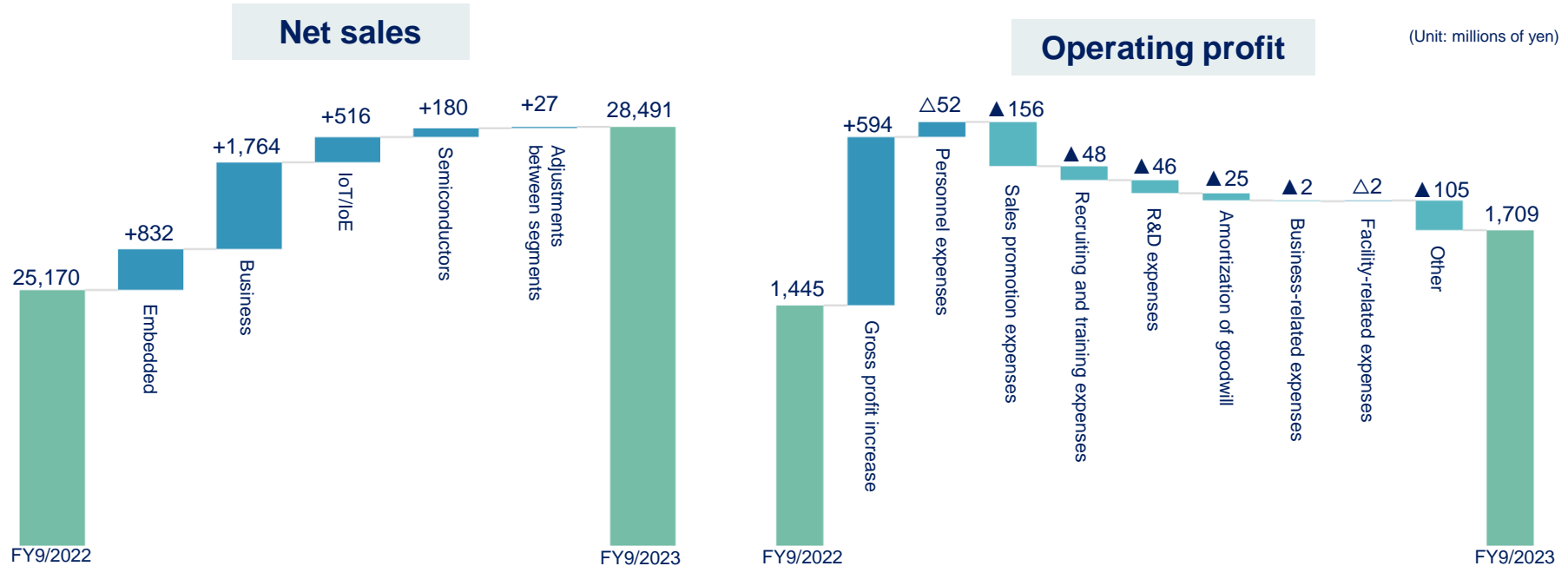
- Net sales marked a record high (+13.2% YoY) in response to the expansion of IT demand due to the progress of Digital Transformation (DX)
- Despite the raw material price hikes, operating profit also reached a record high level as a result of controlling the SG&A expenses

(Millions of yen)	FY9/2022	FY9/2023	Amount of increase/decrease	Percentage of increase/decrease	Achievement rate
<b>Net sales</b>	25,170	28,491	+3,321	+13.2%	95.0%
<b>Gross profit</b>	6,340	6,935	+594	+9.4%	—
Gross profit margin	25.2%	24.3%	▲0.9p	▲3.6%	—
<b>SG&amp;A expenses</b>	4,895	5,225	+330	+6.7%	—
<b>Operating profit</b>	1,445	1,709	+264	+18.3%	95.0%
Operating profit margin	5.7%	6.0%	+0.3p	+5.3%	—
<b>Ordinary income</b>	1,549	1,774	+225	+14.6%	97.0%
Net profit attributable to shareholders of the parent company for the current period	643	1,008	+365	+56.8%	94.2%
<b>EBITDA</b>	1,835	2,097	+261	+14.3%	—
ROE	8.5%	12.3%	+3.8p	+44.7%	—



# Factors contributing to changes in net sales and operating profit

- Net sales increased year-on-year for all business segments
- For operating profit, gross profit increased year-on-year, and personnel expenses decreased due to efforts to improve group-wide personnel efficiency.  
For other SG&A expenses, expenses such as sales promotion, recruiting and training, R&D, and amortization of goodwill increased due to continued business expansion.



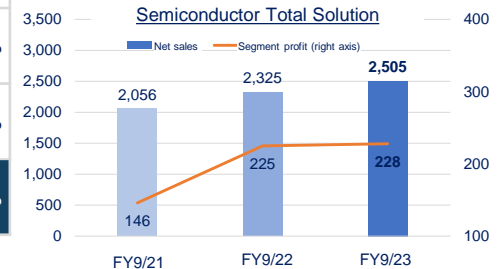
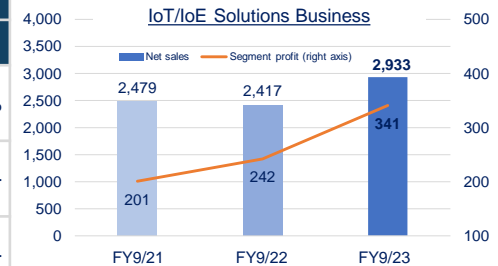
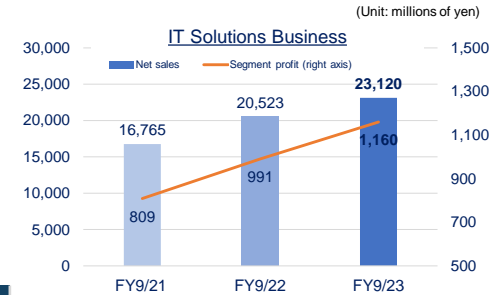
# Financial Results by Business Segment



- Embedded: In software, automotive, cameras, etc., performed well. In hardware, the shifting of soaring material prices to sales prices gradually progressed.
- Business: Software development for sectors such as industry, distribution, and finance went well. Kitting and PJS contributed to earnings.
- IoT/IoE: The telecommunication business contributed significantly. IoT development for heavy machinery and construction equipment performed well. Image analysis supported by AI also contributed to earnings.
- Semiconductors: Continued demand for LSI design and test development. Collaborations between group companies and partner companies also went well.

	Net sales (*)		Gross profit		Segment profit	
	(Millions of yen)	YoY change	(Profit margin)	YoY change	(Profit margin)	YoY change
<b>IT Solutions Business</b>	<b>23,120</b>	+12.7%	<b>4,706</b> (20.4%)	+5.8%	<b>1,160</b> (5.0%)	+17.0%
Embedded solutions	<b>13,260</b>	+6.7%	<b>2,261</b> (17.1%)	+2.4%	-	-
Business solutions	<b>9,860</b>	+21.8%	<b>2,445</b> (24.8%)	+9.1%	-	-
<b>IoT/IoE Solutions Business</b>	<b>2,933</b>	+21.4%	<b>1,480</b> (50.5%)	+24.9%	<b>341</b> (11.6%)	+40.8%
<b>Semiconductor Total Solution</b>	<b>2,505</b>	+7.8%	<b>747</b> (29.8%)	+5.8%	<b>228</b> (9.1%)	+1.2%
<b>Consolidated Financial Results</b>	<b>28,491</b>	+13.2%	<b>6,935</b> (24.3%)	+9.4%	<b>1,709</b> (6.0%)	+18.3%

(\*) Net sales by segment have not been internally adjusted.



# (Reference) Business performance by new Business Segments



- For the Engineering Business Segment, the gross profit margin was slightly below the consolidated; however, segment profit was one more step toward the double-digit.
- The Product/Device Business Segment recorded segment loss due to the impact of material price hikes despite an improving trend in the second half of the fiscal year.
- The ICT Solutions Business Segment recorded a high profit margin compared to other businesses; however, it is expected to slightly decline in the future due to the impact of the separation of subsidiaries.

(Millions of yen)	Main businesses	Net sales FY9/2023 (*)	Gross profit	Segment profit		
			(Profit margin)	(Profit margin)		
<b>Engineering Business</b>	- Embedded software development - General software development - Kitting service - Call center service	<b>12,713</b>	<b>3,031</b> (23.8%)	<b>1,197</b> (9.4%)	<b>Stable Core Businesses</b>	
	<b>Product/Device Business</b>					- Embedded computer development - Computer development for edge computing - Design/testing service of semiconductors - LSI turnkey service
<b>ICT Solutions Business</b>		- Solutions using AI - Cloud service integration - ODM service - SI service	<b>4,971</b>	<b>2,015</b> (40.2%)		<b>566</b> (11.3%)
	<b>Consolidated Financial Results</b>					

(\*) Including the business performance of leafnet Co., Ltd. and Trackimo GPS Co., Ltd.



# (Reference) Consolidated Balance Sheet



- Total assets increased by 712 million yen from the end of the previous consolidated fiscal year to 17,627 million yen. Total liabilities decreased by 13 million yen to 8,528 million yen.
- Cash and deposits increased (+1,479 million yen) and goodwill decreased (▲371 million yen) mainly due to the share transfer of leafnet Co., Ltd.
- The “owned capital to asset” ratio increased by 2.8 %-points to 48.7% (owned capital: 7,768 mil. yen at FY9/22 end; 8,587 mil. yen at FY9/23 end).

(Unit: millions of yen)	FY9/2022	FY9/2023
Current assets	11,205	12,505
Cash and deposits	2,629	4,108
Trade receivables	6,123	6,450
Other	2,453	1,947
Non-current assets	5,709	5,120
Property, plant and equipment	952	854
Goodwill	2,150	1,779
Other	2,607	2,487
<b>Total assets</b>	<b>16,915</b>	<b>17,627</b>

(Unit: millions of yen)	FY9/2022	FY9/2023
Current liabilities	6,509	6,998
Trade payables	2,979	2,985
Borrowings and bonds payable	872	833
Other	2,658	3,180
Non-current liabilities	2,031	1,530
Borrowings and bonds payable	1,052	755
Retirement benefit liabilities	128	155
Other	851	620
<b>Total liabilities</b>	<b>8,541</b>	<b>8,528</b>
<b>Total net assets</b>	<b>8,374</b>	<b>9,098</b>
<b>Total liabilities and net assets</b>	<b>16,915</b>	<b>17,627</b>

# (Reference) Consolidated Statement of Cash Flows



- Net cash provided by operating activities was 2.0 billion yen mainly due to 1.9 billion yen in profit before income taxes as a result of the growth in business performance and sale of shares of subsidiaries and associates.
- Net cash provided by investing activities was slightly less than 0.3 billion yen mainly due to the sale of shares of subsidiaries and associates, and net cash used in financing activities was 0.9 billion yen mainly due to repayments of borrowings and dividend payments.
- 2.3 billion yen was provided for free cash flow, and cash and cash equivalents at the end of the period increased by 1.4 billion yen from the end of the previous consolidated fiscal year to 4.0 billion yen.

(Unit: millions of yen)		FY9/2022	FY9/2023
CF from operating activities		736	2,039
Breakdown	Profit before income taxes	1,175	1,932
	Depreciation	197	169
	Amortization of goodwill	192	217
	Decrease (increase) in trade receivables	69	△584
	Decrease (increase) in inventories	△470	282
	Increase (decrease) in trade payables	191	△15
CF from investing activities		△193	259
Breakdown	Purchase of property, plant and equipment	△108	△128
	Purchase of investment securities	△51	△93
	Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	1,435
Free CF		542	2,299

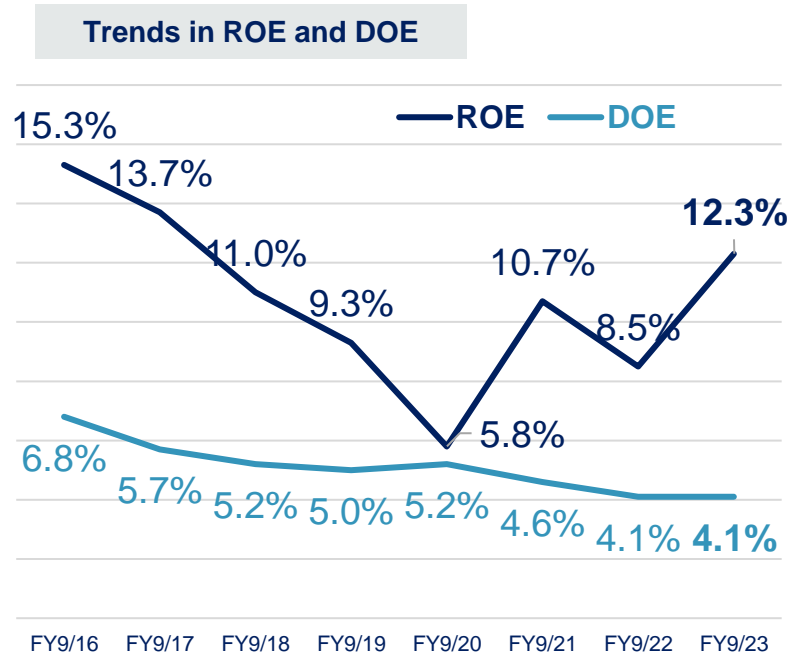
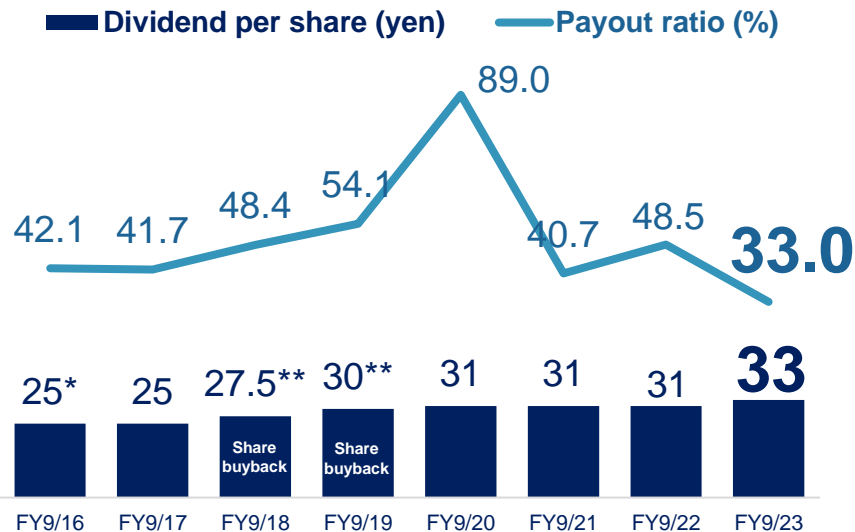
(Unit: millions of yen)		FY9/2022	FY9/2023
CF from financing activities		△1,227	△884
Breakdown	Proceeds from long-term borrowings	–	527
	Repayments of long-term borrowings	△868	△932
	Dividends paid	△310	△321
	Dividends paid to non-controlling interests	△45	△116
Cash and cash equivalents		2,617	4,035

# Return to Shareholders



# Return to Shareholders

- The consolidated dividend for FY9/2023 was 33 yen as planned (interim: 16 yen, year-end: 17 yen), and the payout ratio was 33.0%.
- For the next fiscal year, we will (1) aim for a total payout ratio of at least 50% through purchases of treasury shares and continued increases in dividends, while (2) allocating capital to growth investments in human capital, R&D, and M&A to further increase corporate value.



# Major Topics for the Fourth Quarter



## (1) Transition to TSE Standard Market

### Reasons for Transition

- Focus on our investments to achieve the New Medium-term Management Plan and increase our corporate value without using up finite management resources to maintain the Prime-Market listing
- Close off the possibility of future delisting to ensure and maintain an environment in which investors can hold and trade our shares

### Conformity Status

	End of FY9/23	Standard	(Reference) Prime
Number of shareholders (person)	4,913	400	800
Number of shares in circulation (unit)	81,640	2,000	20,000
Total market value in circulation (billions of yen)	8.95	1.00	10.00
Ratio of shares in circulation (%)	79.1	25.0	35.0

(Note) Other indicators qualified for both the Standard and Prime Markets.

### Going Forward

- Strive for sustainable growth and increase in corporate value through steady implementation of the New Medium-term Management Plan and aim for a future change in listing to the Prime Market

## (2) leafnet Co., Ltd. transfer

### Objectives

Eliminate businesses with low potential for collaboration among businesses within the Group and reorganize to create a more synergistic business portfolio and strengthen the Group's organizational capabilities

### Implementation Details

- (1) Date of transfer: September 1, 2023
- (2) Shares to be transferred: All shares of leafnet Co., Ltd.
- (3) Counterparty: Leaf Holdings, Inc.
- (4) Transfer price: 1,940 million yen
- (5) Extraordinary income: 256 million yen  
(gain on sale of shares of subsidiaries and associates)

### leafnet Overview

Business: Telecommunications business, Internet-related business

Share capital: 100 million yen

Date of establishment: July 18, 2001

Net sales: 1,919 million yen (FY9/2022)

Operating profit: 336 million yen (same)

# 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	2,091.89 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 Prime 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...After September 1, 2023



## 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

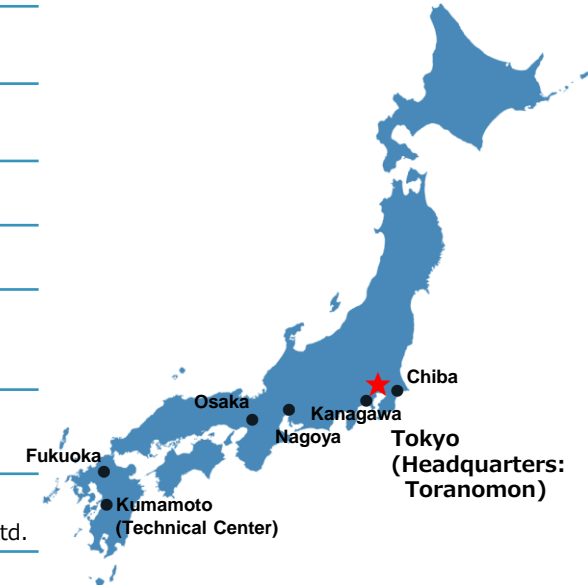
# Executive Structure and List of Offices...From September 1, 2023



## 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	Taneki 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



No information in this material is intended as a solicitation to buy or sell our stock.

The forecasts and other forward-looking statements contained in this material are based on the information available to us at the time the material was prepared and involve potential risks and uncertainties.

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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*Positively, Change, Innovate*

