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Consolidated Financial Results for the Six Months Ended March 31, 2024 [Japanese GAAP]

May 9, 2024

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
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Scheduled date of filing quarterly securities report: May 14, 2024
Scheduled date of commencing dividend payments: June 10, 2024
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, 2024 (October 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	12,615	(11.5)	583	(33.3)	607	(32.1)	330	(34.4)
March 31, 2023	14,258	12.4	875	8.7	894	7.1	503	(1.1)

(Note) Comprehensive income: Six months ended March 31, 2024: ¥ 487 million [(16.7) %]
Six months ended March 31, 2023: ¥ 585 million [(6.6) %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2024	33.19	-
March 31, 2023	50.05	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	16,643	9,172	52.2	877.00
September 30, 2023	17,627	9,098	48.7	852.10

(Reference) Equity: As of March 31, 2024: ¥ 8,686 million
As of September 30, 2023: ¥ 8,587 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, 2023	-	16.00	-	17.00	33.00
Fiscal year ending September 30, 2024	-	17.00			
Fiscal year ending September 30, 2024 (Forecast)			-	28.00	45.00

(Note) Revision to the forecast for dividends announced most recently: Yes

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending September 30, 2024 :

Commemorative dividend 10 yen

Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024(October 1, 2023 to September 30, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	26,300	(7.7)	1,510	(11.7)	1,550	(12.7)	880	(12.7)	88.62

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended March 31, 2024 (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, 2024: 10,122,400 shares

September 30, 2023: 10,322,400 shares

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

March 31, 2024: 217,695 shares

September 30, 2023: 244,785 shares

3) Average number of shares outstanding during the period:

Six months ended March 31, 2024: 9,955,432 shares

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

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	4,108,259	3,393,817
Notes and accounts receivable - trade, and contract assets	4,751,694	4,540,165
Electronically recorded monetary claims - operating	1,698,818	1,715,012
Inventories	1,347,537	1,372,957
Other	599,358	663,803
Total current assets	12,505,669	11,685,756
Non-current assets		
Property, plant and equipment	854,696	881,089
Intangible assets		
Goodwill	1,779,769	1,689,082
Other	67,652	61,857
Total intangible assets	1,847,422	1,750,940
Investments and other assets	2,418,442	2,324,155
Total non-current assets	5,120,561	4,956,185
Deferred assets	1,322	1,113
Total assets	17,627,554	16,643,055
Liabilities		
Current liabilities		
Accounts payable - trade	2,057,500	1,951,590
Electronically recorded obligations - operating	927,572	891,348
Current portion of bonds payable	30,000	30,000
Current portion of long-term borrowings	803,570	562,070
Accounts payable - other	513,206	469,250
Income taxes payable	284,256	208,472
Provision for bonuses	546,178	390,619
Provision for bonuses for directors (and other officers)	15,030	13,912
Provision for loss on orders received	-	1,009
Asset retirement obligations	12,632	-
Other	1,808,347	1,661,248
Total current liabilities	6,998,293	6,179,521
Non-current liabilities		
Bonds payable	75,000	60,000
Long-term borrowings	680,892	451,524
Provision for retirement benefits for directors (and other officers)	47,410	37,000
Retirement benefit liability	155,844	148,526
Asset retirement obligations	467,411	468,646
Other	104,050	125,745
Total non-current liabilities	1,530,609	1,291,441
Total liabilities	8,528,903	7,470,962

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Net assets		
Shareholders' equity		
Share capital	2,091,897	2,091,897
Capital surplus	3,667,601	3,516,644
Retained earnings	3,075,602	3,134,657
Treasury shares	(317,778)	(257,544)
Total shareholders' equity	8,517,322	8,485,656
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	139,846	291,985
Remeasurements of defined benefit plans	(70,060)	(91,234)
Total accumulated other comprehensive income	69,785	200,750
Share acquisition rights	40,677	41,939
Non-controlling interests	470,865	443,746
Total net assets	9,098,650	9,172,092
Total liabilities and net assets	17,627,554	16,643,055

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousands of yen)

	For the six months ended March 31, 2023	For the six months ended March 31, 2024
Net sales	14,258,595	12,615,589
Cost of sales	10,896,202	9,692,395
Gross profit	3,362,392	2,923,194
Selling, general and administrative expenses	2,487,082	2,339,765
Operating profit	875,310	583,428
Non-operating income		
Interest and dividend income	17,688	21,702
Gain on investments in investment partnerships	883	-
Subsidy income	1,644	3,710
Other	4,119	14,182
Total non-operating income	24,336	39,594
Non-operating expenses		
Interest expenses	3,627	3,144
Commission expenses	249	6,380
Loss on investments in investment partnerships	-	4,554
Other	1,522	1,716
Total non-operating expenses	5,399	15,795
Ordinary profit	894,247	607,227
Extraordinary income		
Gain on sale of investment securities	-	22,004
Total extraordinary income	-	22,004
Extraordinary losses		
Loss on retirement of non-current assets	3,483	8,434
Loss on valuation of investment securities	-	7,424
Total extraordinary losses	3,483	15,858
Profit before income taxes	890,764	613,373
Income taxes - current	270,072	168,011
Income taxes - deferred	69,367	88,708
Total income taxes	339,439	256,719
Profit	551,324	356,654
Profit attributable to non-controlling interests	47,462	26,200
Profit attributable to owners of parent	503,861	330,453

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

(Thousands of yen)

	For the six months ended March 31, 2023	For the six months ended March 31, 2024
Profit	551,324	356,654
Other comprehensive income		
Valuation difference on available-for-sale securities	57,096	152,139
Remeasurements of defined benefit plans, net of tax	(23,348)	(21,174)
Total other comprehensive income	33,748	130,964
Comprehensive income	585,072	487,619
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	537,610	461,418
Comprehensive income attributable to non-controlling interests	47,462	26,200

Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended March 31, 2023	For the six months ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	890,764	613,373
Depreciation	82,133	74,351
Amortization of goodwill	98,843	90,687
Increase (decrease) in provision for bonuses	(39,928)	(155,559)
Increase (decrease) in provision for bonuses for directors (and other officers)	(5,311)	(1,118)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(8,488)	(10,410)
Loss (gain) on sale of investment securities	-	(22,004)
Loss (gain) on valuation of investment securities	-	7,424
Loss (gain) on investments in investment partnerships	(883)	4,554
Interest and dividend income	(17,688)	(21,702)
Subsidy income	(1,644)	(3,710)
Interest expenses	3,627	3,144
Increase (decrease) in trade receivables and contract assets	(593,134)	192,460
Decrease (increase) in inventories	245,312	(25,419)
Decrease (increase) in accounts receivable - other	(213,696)	(37,533)
Increase (decrease) in trade payables	282,523	(142,133)
Increase (decrease) in accounts payable - other	(45,367)	(54,268)
Increase (decrease) in accrued consumption taxes	88,709	(114,175)
Increase (decrease) in contract liabilities	122,476	14,112
Decrease (increase) in pension liability adjustment	(33,652)	(30,519)
Other, net	30,024	(46,920)
Subtotal	884,620	334,633
Interest and dividends received	17,688	21,701
Interest paid	(3,441)	(2,779)
Subsidies received	1,644	3,710
Income taxes paid	(336,239)	(270,908)
Income taxes refund	42,579	44,743
Net cash provided by (used in) operating activities	606,852	131,100
Cash flows from investing activities		
Purchase of property, plant and equipment	(60,142)	(75,445)
Purchase of intangible assets	(42,455)	(14,744)
Purchase of investment securities	(63,998)	-
Proceeds from sale of investment securities	-	70,900
Proceeds from collection of loans receivable	20,535	21,160
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(517,109)	-
Payments of leasehold and guarantee deposits	(29,941)	(464)
Proceeds from refund of leasehold and guarantee deposits	222	61,121
Purchase of insurance funds	(3,459)	(2,686)
Net decrease (increase) in time deposits	(3,600)	18,999
Other, net	4,874	5,393
Net cash provided by (used in) investing activities	(695,076)	84,235

(Thousands of yen)

	For the six months ended March 31, 2023	For the six months ended March 31, 2024
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	(456,862)	(470,868)
Redemption of bonds	-	(15,000)
Purchase of treasury shares	-	(199,920)
Dividends paid	(160,568)	(171,172)
Dividends paid to non-controlling interests	(116,234)	(53,319)
Other, net	(1,394)	(1,404)
Net cash provided by (used in) financing activities	(218,059)	(911,684)
Effect of exchange rate change on cash and cash equivalents	(651)	907
Net increase (decrease) in cash and cash equivalents	(306,935)	(695,442)
Cash and cash equivalents at beginning of period	2,617,924	4,035,208
Cash and cash equivalents at end of period	2,310,989	3,339,766