Briefing Materials

Results of TOB to PCI Holdings, Inc. by Restar Corporation,
and the Forecast of Business Results for the Current Term

PCI Holdings, INC.

(TSE Standard Market: 3918)

September 25, 2024

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(Reference) About PCI Group

TOB to PCI Holdings, Inc. by Restar Corporation



Top Message

- **The capital and business alliance with the Restar Group will be a great opportunity for the PCI Group to make a further leap forward.**

- **Taking advantage of the abundant management resources of the Restar Group, we will steadily implement the growth strategy of our group, and aim to achieve our long-term vision “PX-2032.”**



Results of TOB to PCI Holdings, Inc. by Restar Corporation

- The TOB being conducted by Restar Corporation has been completed as the minimum number of 4,480,000 shares has been purchased. (Tender Offeror: Restar Corporation, TOB Period: Aug. 13 to Sep. 20, 2024, TOB Price: 1,210 yen, # of Shares Tendered: 4,736,505 shares)

Objectives of TOB

- ✓ Restar Corporation makes PCI Holdings, Inc. a consolidated subsidiary
- ✓ Both companies aim to improve the corporate value by deepening the business cooperation and collaboration between them

Status of PCI Holdings shares

(Unit : shares)	June 6, 2024
Number of shares issued	10,122,400
Number of treasury shares	217,695
Number of shares excluding treasury shares	9,904,705
Number of shares equivalent to stock acquisition rights	124,400
Total number of shares including latent shares	10,029,105

# of shares purchased

4,480,099

Status of Restar's shareholding in PCI Holding

	Status	# of shares owned (Unit:shares)	Ratio of shares owned	Share-holder ranking
Before TOB	–	585,000	5.83%	2nd.
After TOB	**Parent company and largest shareholder**	**5,065,099**	**50.50%**	**1st.**

The number of voting rights held by Restar Corporation is 5,850 before the TOB and 50,650 after the TOB, compared to the total number of voting rights (100,291).

About Restar Corporation

- Restar Corporation (hereafter, Restar) is a company whose core business is the handling of semiconductors, electronic components, etc.
- Consolidated sales exceed 500 billion yen (fiscal year ending March 2024)
- Currently, the company has two business units: Devices BU and System BU. Based on collaboration with our group, they plan to establish new business units for “IT & SIer BU” and “Engineering BU” in the future
- Since PCI Holdings, Inc. (hereafter, PCI-H) invested in Restar's subsidiary in 2018, the two groups have deepened their capital, personnel, and business relationships.

Restar Corporation Company Profile

Location	10-9, Konan 2-chome, Minato-ku, Tokyo
Representative	Representative Director, Chairman and President Kunihiro Konno, Mr.
Main Businesses	Refer right table
Date of Establishment	October 1, 2009
Capital Stock	4,383 million yen
Listed Market	TSE Prime Market（3156）

Businesses overview by BU (excerpt from the company brochure)

BU	Businesses	Business Details
Devices BU	Devices	Providing optimal solutions through the handling of domestic and international semiconductors and electronic components, as well as technical support and system proposals. Also, providing optimal SCM for electronics and support manufacturing.
	E M S	Providing contract manufacturing services for electronic devices such as electronic components and modules, using cutting-edge mounting technology and adding functions such as purchasing, production management, and quality assurance at our own factory.
System BU	System Solution	Providing system solutions for electronic devices in a wide range of fields using cutting-edge video and audio technology. Supporting the creation of a cashless society and safe and secure mechanisms through the development, manufacture, and sale of payment terminals and personal identification number authentication products that use NFC technology.
	Eco Solution	Providing comprehensive energy services, including renewable energy generation, electricity retail services, and supporting for local energy production for local consumption and microgrid construction to revitalize local communities. Also, providing electricity consulting services that lead to carbon neutrality, regional revitalization, and improved resilience. Producing and selling completely closed plant-based vegetables for the commercial and retail markets, including convenience stores, supermarkets, and restaurant chains, and provide system consulting services.

Plan to Establish new business units for “IT & SIer” and “Engineering”

About Restar Corporation

- An overview of the medium-term management plan formulated and disclosed for the first time in May 2024 by Restar, with the fiscal year ending March 2027 as the final year (excerpt from the company brochure)

中期経営計画の基本方針 Basic policies of the Medium-term management plan

目指す姿 | Aim to be

お客様のすべての課題を**エレクトロニクス**で解決する
1兆円規模の「**エレクトロニクスの情報プラットフォーマー**」

"The Electronics Value Platformer" with a scale of 1 trillion yen that accommodates all manner of stakeholder needs

1 既存事業の成長
Growth of existing businesses

パートナーシップによる
バリューチェーンの
強靭化と収益性強化

Strengthening the value chain and profitability through partnerships

2 事業領域の拡大
Expansion of business areas

"エンジニアリング"と
"IT&SIer"の事業化

Commercialization of "Engineering" and "IT & SIer"

3 事業シナジーの追求
Pursuit of business synergies

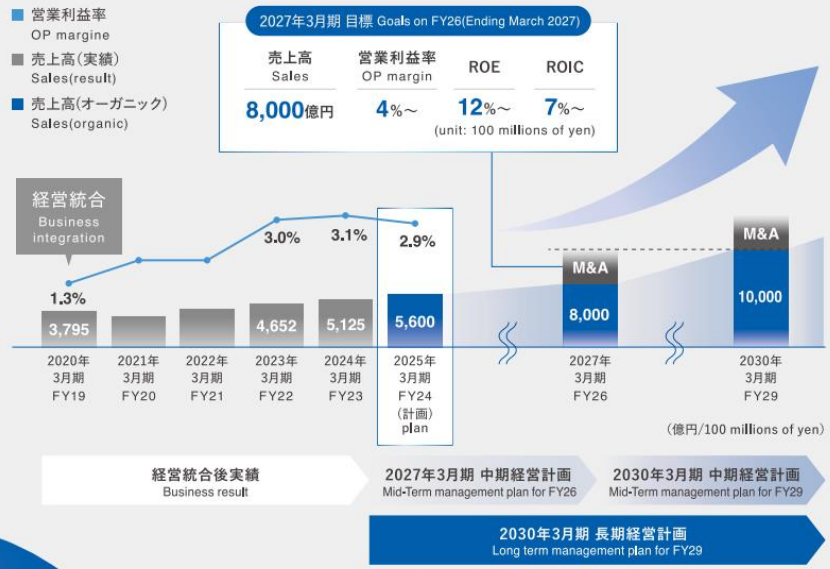
あらゆる商材・情報・技術を
繋ぐプラットフォームの構築

Building a platform to connect all kinds of commercial products, information, and technology

中期経営計画の目標 Medium-term management plan goals

2027年3月期は、財務規律を維持しつつ既存事業のオーガニックな成長に加えて、
新たな事業を追加し事業拡大を図る

In the mid-term management plan through March 2027, expand business by adding new businesses in addition to organic growth of existing businesses while maintaining financial discipline



Overview of the New Capital and Business Alliance

- The capital and business alliance agreement is concluded for the following purposes;
  - ➢ In order to launch and strengthen “IT & SIer” and “Engineering” as our core businesses, we will combine the Restar Group's extensive customer base, scale and financial strength with PCI Group's technological capabilities under the listing of PCI-H.
  - ➢ Creating further synergies on top of the relationship between the two groups that has been strengthened so far, improving the corporate value of both groups, maximizing shareholder profits, and becoming a driving force in the reorganization of the IT industry.

Capital alliance

✓ TOB to PCI-H by Restar

✓ Transfer of
-Restar shares
-Restar subsidiary shares
to Restar affiliates

PCI-H becomes a consolidated subsidiary of Restar
(Restar's shareholding ratio: 50.50%)

Business alliance

1) Strengthening the sales system for SORD CORPORATION (hereafter, SORD) products at Restar Group companies
2) Strengthening the business of PRIVATECH Inc. (hereafter, PRIVATECH) through FAE support for Restar's Devices BU, consolidation of semiconductor-related businesses, and business division and integration
3) Promoting upstream process participation through collaboration with Restar's System BU and utilization of PCI Solutions INC. (hereafter, PSOL) technology through collaboration with other companies
4) Utilization of PSOL functions in Restar's platform infrastructure construction

Matters to be discussed in the near future

- Making PRIVATECH a wholly owned subsidiary of PCI-H
- PRIVATECH taking over Restar’s semiconductor design and testing business
- The project promotion system for business alliances

Overview of the New Capital and Business Alliance

- However, this is subject to the condition that the independence of our company's management is secured and that employment conditions are maintained.

Management independence, etc.

Personal	Establish and maintain a system in which the decision-making of PCI's board of directors is not influenced by Restar's intentions.
Business	1)Transactions to be as if b/w independent parties 2)Necessary measures to prevent conflicts of interest 3)PCI Group will independently manage contracts, systems, intellectual property, know-how, etc. that are necessary for business 4)PCI Group's trade name, corporate philosophy, etc. will be maintained 5)Both groups will cooperate with each other on an equal footing to implement the capital and business alliance and conduct transactions, and this will be made known within each group
Financial	PCI Group independently negotiates the terms of external borrowings, etc.

Maintaining employment and treatment

For a period of two years after the completion of TOB, Restar will not object to, or interfere with, PCI Group maintaining the employment and treatment of the employees it employs at the time of the conclusion of the Agreement as a whole. Furthermore, even after the two-year period has elapsed, Restar will respect the employment and treatment of the same employees as a whole.

Buying and selling of PCI-H's shares

If Restar acquires additional shares of PCI-H after the completion of the TOB, Restar will ask PCI-H in advance, and if Restar sells the shares it holds, Restar will ask PCI-H to the extent reasonably possible.

Anticipated Synergistic Effects

- The TOB and the conclusion of the capital and business alliance agreement are expected to produce various synergistic effects in conjunction with the strategic direction of the Restar Group and PCI Group.

Restar Group

Vision : Aiming to be an information platform provider for electronics

Mid-term management plan:

1) Growth of existing businesses
2) Expansion of business domains (Note)
   - IT & SIer BU
   - Engineering BU
3) Pursuit of business synergies within the Restar Group

PCI Group

Aim of PCI-H :

1) Utilization of Restar's customer base
2) Participation in Restar's new business areas (Solutions/engineering business)
3) Expansion of PCI-H's management discretion through the utilization of Restar's management resources

Synergistic Effects

(Note) The capital and business alliance agreement includes a provision to the effect that "if Restar acquires a company or business that operates in the relevant business domain of the IT & SIer BU/Engineering BU after the completion of the tender offer, or if Restar intends to implement a significant business alliance or other collaboration for the relevant business, Restar shall ask PCI-H in advance".

Anticipated Synergistic Effects

Synergistic Effects

1. Expansion of business for the manufacturing industry

- ✓ Deepening of markets in which both companies have strengths, such as “in-vehicle”, “industrial machinery”, and “ICT”
- ✓ Capture of markets in which the two companies can complement each other (overseas, consumer, construction machinery, security, etc.)
- ✓ Business expansion through approaches to Restar's high-quality customer base, etc.

2. Expansion of the quality and quantity of engineer resources

By utilizing PCI Group's engineers, Restar will

- expand the scale of their existing businesses, and
- expand the scope of their technical fields (system development, AI, image processing, communications, etc.)

3. Expansion into the upstream processes of SIer

By achieving 1. and 2.,

- ✓ the ability of both companies to propose hardware/ software solutions will improve
- ✓ through an increase in direct business opportunities for customers, the development of upstream processes such as planning proposals by PCI Group will accelerate

4. Strengthening the management base and realizing economies of scale

- ✓ Expansion of PCI Group’s business backed by Restar's strong financial base
  - ⇒ Strengthening of working capital, expansion of growth investment
- ✓ Reduction and compression of PCI Group’s costs based on economies of scale

Future Prospects

《 Immediate Issues to Deal with 》 ・・・ Dealing results will be disclosed in a timely manner as necessary

-in Short Term : ・The transfer of the shares of Restar that PCI-H own will be settled (Restar settled the TOB).

-in Short/Medium Term : ・Settlement of matters related to business partnership discussions → Transfer of PRIVATECH shares to PCI-H and consolidation of semiconductor-related operations to PRIVATECH

・Implementation and execution of each item of the business alliance agreement (promotion of projects in collaboration with Restar)

-in Medium/Long Term : ・Quantification and realization of synergistic effects based on new capital and business alliance agreement

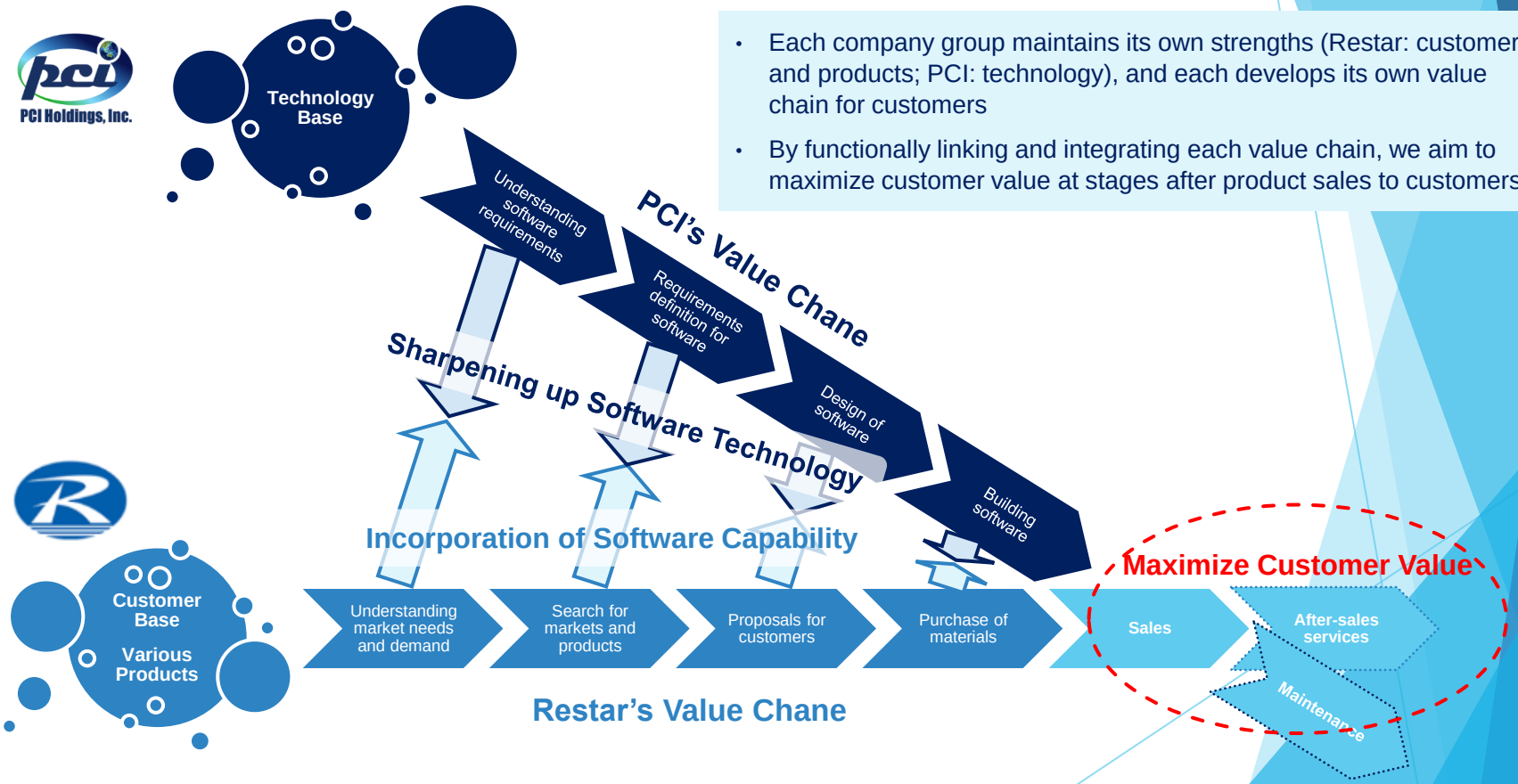
→ Reflection in business plans (Note)



(Note) The synergistic effects of the capital and business alliance will be reflected in the medium-term management plan, etc., in order of those that can be made concrete and quantified.

Integration of the Value Chains of Both Groups (Software-related)

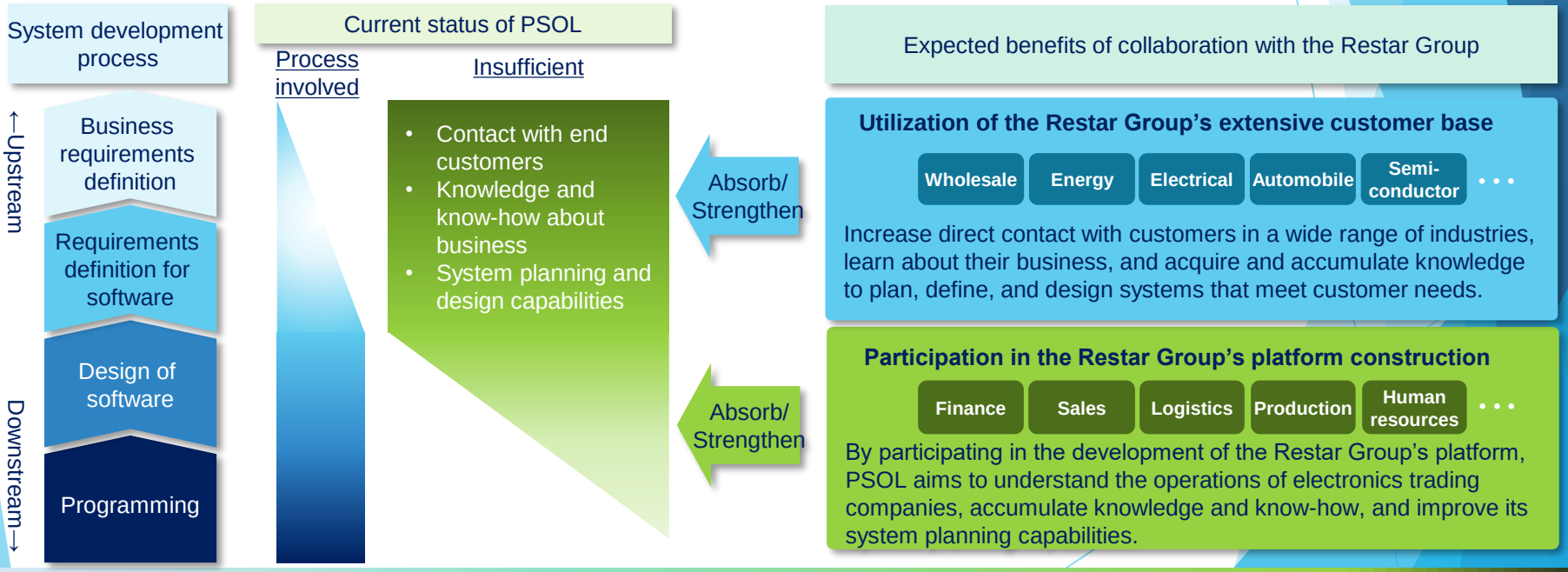
- Each company group maintains its own strengths (Restar: customers and products; PCI: technology), and each develops its own value chain for customers
- By functionally linking and integrating each value chain, we aim to maximize customer value at stages after product sales to customers



Utilization of Software Development Capabilities (PSOL)

- Strengthening of collaboration with Restar's System BU (System Solutions business), and PSOL's participation in the Restar Group's platform construction and operation support, will promote the use of PSOL's software development capabilities within the Restar Group
- Through the above developments, PSOL will accumulate and expand its own business know-how, while at the same time utilizing the Restar Group's extensive customer base

  ⇒ Expanding and strengthening PSOL's software development to more upstream processes



Utilization of Hardware Product Development and Manufacturing Capabilities

- Develop high-value-added products based on components procured from the Restar Group, which has a strong presence in the electronics sector, using our software and hardware technology, and sell them to major domestic and overseas customers connected to the Restar Group
- Further expand and strengthen the value chain that has been realized through the relationship between the two companies to date (in particular, expand the sales system for SORD products)

Production of high-value-added products

The Restar Group efficiently procures components by leveraging the knowledge of an electronics trading company, and

combines this with the technical capabilities of the PCI Group, such as software development, hardware design/development and manufacturing, to develop high-value-added products.

Suppliers
SONY
Intel
Dexerials
etc.

Procure-ment

Restar Group

Sales

PCI Group

【Software】
・Development of application
・Platform

PCI Solutions INC.

【Middleware】
・Middleware
・Development tools

PRIVATECH

【Hardware】
・Design/Development/Production
・Industrial-use embedded PC

SORD

Sales of high-value-added products

Solution provision

Restar Group

Solution proposal

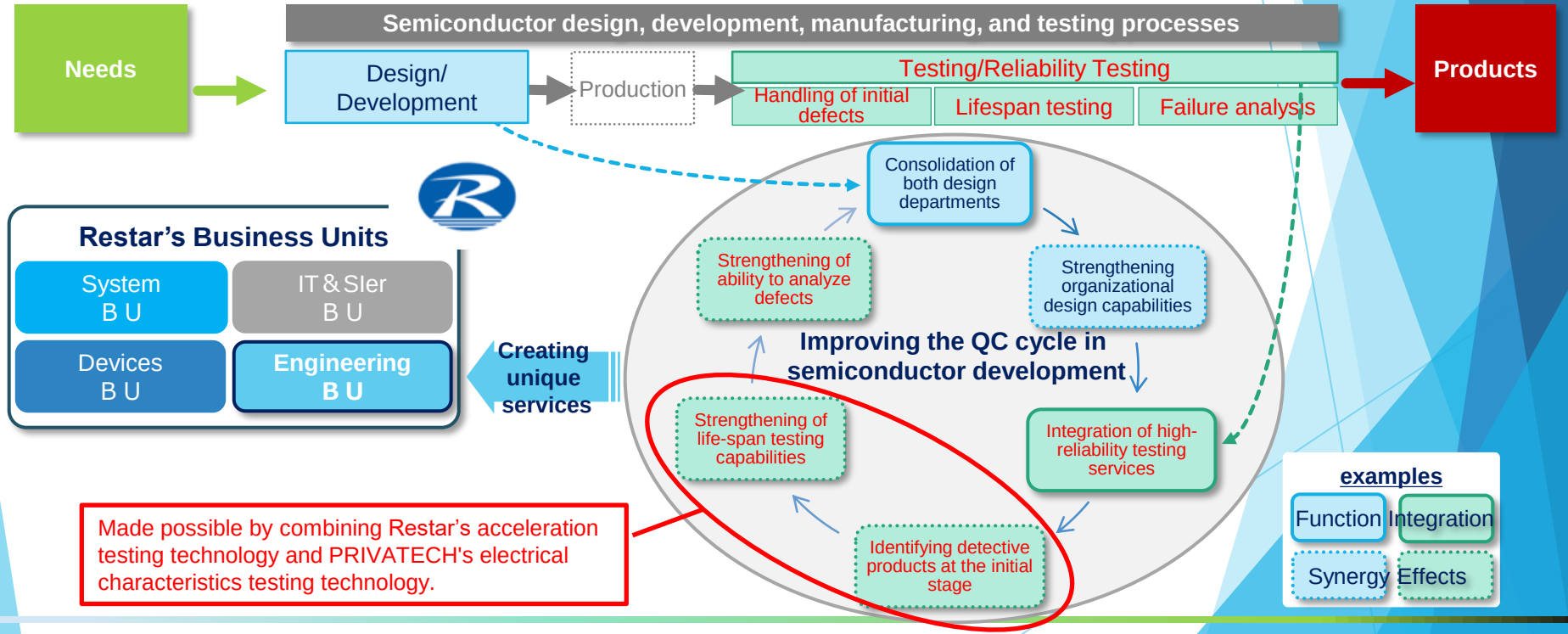
Customers
Manufacturers such as
Industrial equip.
In-vehicle equip.
Precision equip.
Home appliance

The PCI Group provides the Restar Group with products developed by the PCI Group as solutions that integrate hardware and software, and

the Restar Group sells these as high-value-added products with a solution lineup in addition to conventional products for customers in Japan and overseas.

Expected Befits of Integrating Semiconductor-Related Business Functions

- By integrating the semiconductor-related businesses (design/development, testing/reliability testing) of Restar and PRIVATECH, we expect to achieve synergies such as (1) strengthening semiconductor design capabilities, (2) improving customer convenience by providing one-stop reliability testing, and (3) expanding failure analysis services.



Forecast of Business Results of PCI-H for the Current Term

PCI Holdings, Inc.

Consolidated Financial Results Forecast for FY9/2024

- Although demand for software development in response to the progress of DX continues to be strong, sales in the hardware field have declined due to customer circumstances, and labor and outsourcing costs are trending higher than expected, leading to a downward revision of the full-year earnings forecast.

➢ Net sales: 25,300 (Revision to initial plan ▲1,000) mil. yen
Mainly due to lower sales in the Product/Device Business as a result of production adjustments by customers.

➢ Operating profit: 1,030 (ditto ▲480) mil. yen
Increase in personnel and subcontracting costs in the Engineering Business and increase in unutilized personnel due to customer factors in the Product/Device Business were the main factors.

➢ Ordinary income: 935 (ditto ▲615) mil. yen
In addition to lower operating income, this was due to expenses incurred in response to the tender offer by Restar Corporation, which was announced today.

➢ Net profit attributable to owners of the parent: 770 (ditto ▲110) mil. yen
Impacted by gains on stock transfers.

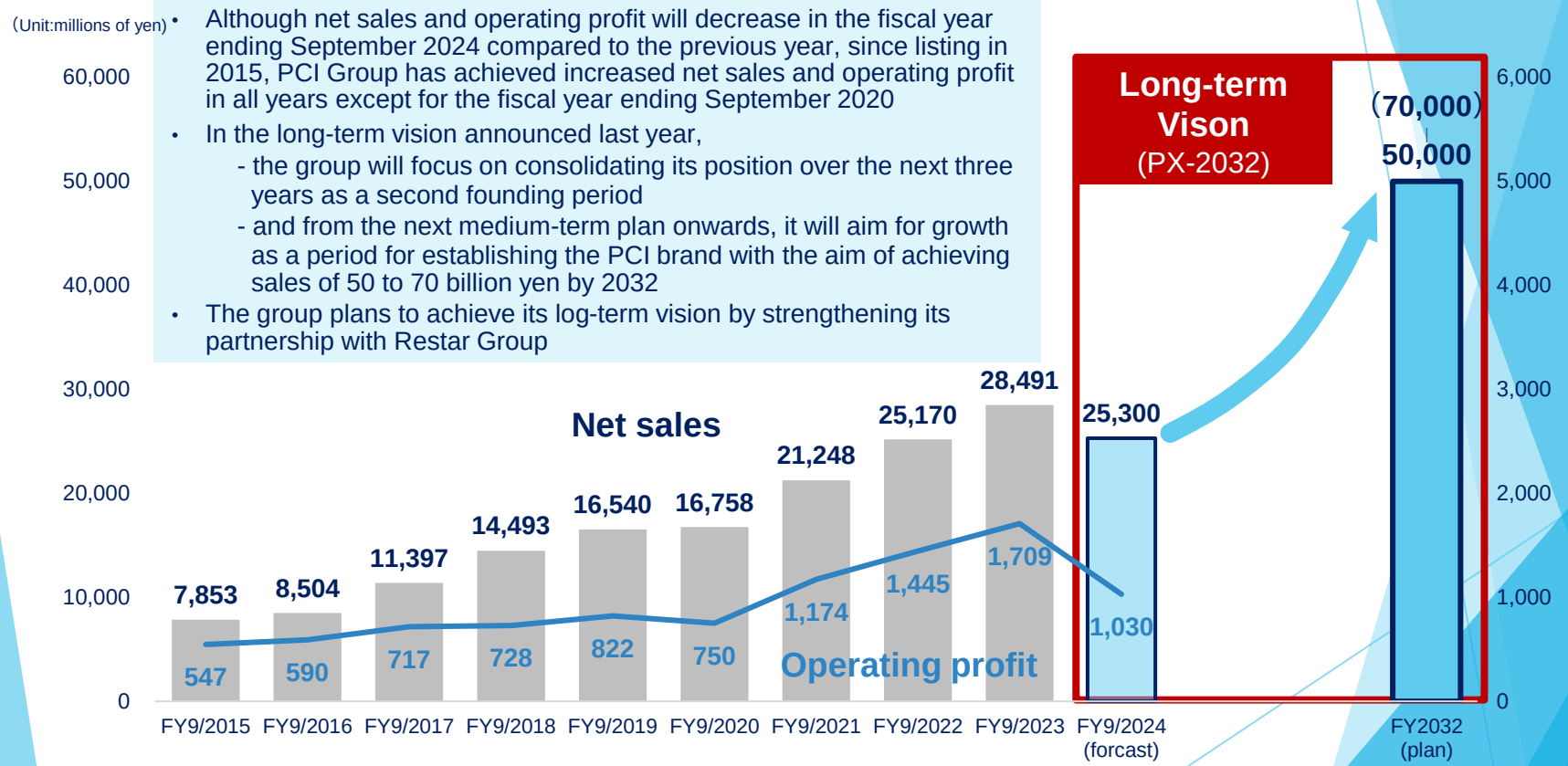
(Unit: millions of yen)	FY9/2023 Result	FY9/2024 Forecast	Amount Increase/ Decrease	Revision to Initial Plan
Net sales	28,491	25,300	▲3,191	▲1,000
Gross profit	6,935	5,740	▲1,195	–
Gross profit margin	24.3%	22.7%	▲1.6p	–
SG&A expenses	5,225	4,710	△515	–
Operating profit	1,709	1,030	▲679	▲480
Operating profit margin	6.0%	4.1%	▲1.9p	▲1.6p
Ordinary income	1,774	935	▲839	▲615
Net profit attributable to owners of the parent	1,008	770	▲238	▲110

✓ We are now working to make up for the shortfall compared to the initial plan for the current period in the next fiscal year.

✓ Also, we are currently working to make the targets of the next fiscal year in order to achieve our current three-year plan.

Trends in Net Sales and Operating Income (Since Listing → Long-term Vision)

- Although net sales and operating profit will decrease in the fiscal year ending September 2024 compared to the previous year, since listing in 2015, PCI Group has achieved increased net sales and operating profit in all years except for the fiscal year ending September 2020
- In the long-term vision announced last year,
  - the group will focus on consolidating its position over the next three years as a second founding period
  - and from the next medium-term plan onwards, it will aim for growth as a period for establishing the PCI brand with the aim of achieving sales of 50 to 70 billion yen by 2032
- The group plans to achieve its log-term vision by strengthening its partnership with Restar Group



Company Profile



PCI Holdings

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**, C**hange,
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) 25,300 million yen (FY9/2024 forecast)
Listing	Tokyo Stock Exchange Standard Market (Securities code: 3918)	**Operating profit** (Consolidated)	1,709 million yen (FY9/2023 results) 1,030 million yen (FY9/2024 forecast)
Location	1-21-19 Toranomon, Minato-ku, Tokyo, 105-0001	**No.of employees** (Consolidated)	1,597 (As of March 31, 2024)
Representatives	Toyomi Amano, Chairman Kunio Yokoyama, President	**Consolidated subsidiaries**	PCI Solutions INC. SORD CORPORATION PRIVATECH Inc.

Composition of the PCI Group

50.5%

PCI Holdings

PCI Holdings, Inc.

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

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

- 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 Corporation

(TSE Prime Market:3156)

100%

PCI Solutions

PCI Solutions INC.

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

Representatives: Toyomi Amano
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

100%(plan)

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 Businesses

		PCI Solutions	SORD	PRIVATECH
		・Software engineering company that provides technical capabilities for any industry or field ・Particularly strong in embedded systems development	・The first PC manufacturer in Japan ・50 years in business and highly reliable technology ・Embedded PC manufacturer	・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.)	–
Product/Device Business	Design, development, and sales of hardware products and devices for specific industries	–	- 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	–	- ODM services (IoT solutions) - SI services (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	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



Precautions

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

