



June 10, 2022

## Consolidated Financial Results For the Three Months Ended April 30, 2022 (Japanese Accounting Standards)

Name of the Listed Company: Pole To Win Holdings, Inc.  
Listing: Tokyo Stock Exchange, Prime Market  
Stock code: 3657  
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Scheduled date to file Quarterly Securities Report: June 13 2022  
Scheduled date to commence dividend payments: —  
Supplementary explanatory materials prepared: Yes  
Explanatory meeting: No

(Millions of yen with fractional amounts discarded, unless otherwise noted.)

### 1. Consolidated financial results for the three months ended April 30, 2022 (from February 1, 2022 to April 30, 2022)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended April 30, 2022	9,610	19.9	710	-14.5	865	0.9	380	-28.2
April 30, 2021	8,015	26.6	830	36.9	857	31.7	530	38.3

(Note) Comprehensive income

Three months ended April 30, 2022: ¥449 million (-44.7%)

Three months ended April 30, 2021: ¥814 million (708.0%)

	Net profit per share	Diluted net profit per share
Three months ended	Yen	Yen
April 30, 2022	10.10	—
April 30, 2021	14.00	—

(Note) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the first quarter of the current fiscal year. The figures for the April 30, 2022 are after the application of the said accounting standards, etc.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
April 30, 2022	23,245	17,423	74.9
January 31, 2022	22,281	17,646	79.2

(Reference) Equity

As of April 30, 2022: ¥17,414 million

As of January 31, 2022: ¥17,638 million

(Note) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the first quarter of the current fiscal year. The figures for the first quarter of the fiscal year ending January 31, 2023 are after the application of the said accounting standards, etc.

## 2. Cash dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended January 31, 2022	–	0.00	–	14.00	14.00
Fiscal year ending January 31, 2023	–				
Fiscal year ending January 31, 2023 (Forecasts)		0.00	–	15.00	15.00

(Notes) Change from the latest pressed dividend forecasts: No

## 3. Consolidated financial forecasts for the fiscal year ending January 31, 2023

(from February 1, 2022 to January 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending July 31, 2022	18,739	21.0	1,409	-6.8	1,371	-11.4	712	-21.5	18.69
Fiscal year ending January 31, 2023	40,088	17.0	4,002	21.1	3,926	16.1	2,428	8.3	63.64

(Notes) Change from the latest pressed financial forecasts: No

\* Notes:

(1) Changes in significant subsidiaries during the three months ended April 30, 2022

(changes in specified subsidiaries resulting in a change in the scope of consolidation) : Yes

Excluded 1 company (Company name) PITCREW CO., LTD.

(2) Use of particular accounting treatments in preparation of quarterly consolidated financial statements : Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

a. Changes in accounting standards due to revisions to accounting standards and other guidelines : Yes

b. Changes in accounting policies due to reasons other than a. above : No

c. Changes in accounting estimates : No

d. Restatement of revisions : No

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 8 of the attached document.

(4) Number of common shares issued

a. Total number of issued shares at the end of the period (including treasury stock)

As of April 30, 2022 : 38,156,000 shares

As of January 31, 2022 : 38,156,000 shares

b. Number of shares of treasury stock at the end of the period

As of April 30, 2022 : 578,530 shares

As of January 31, 2022 : 400,502 shares

c. Average number of shares (Cumulative)

For the three months ended April 30, 2022 : 37,699,233 shares

For the three months ended April 30, 2021 : 37,886,265 shares

\* This report falls outside the scope of quarterly review procedures of a certified public accountant or an audit firm.

\* Proper use of earnings forecasts, and other special matters

(Disclaimer to forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not guarantee that the Company will achieve its earnings forecasts. In addition, actual business and other results may differ substantially due to various factors. For details on the conditions assumed and the cautionary notes and items in the financial forecasts, please refer to (3) Qualitative Information on Consolidated Earnings Forecasts on page 5 of the Attachment Materials to this report.

(How to obtain supplementary materials explaining earnings for the quarter)

The Company discloses the Supplementary Information to the Financial Results on the TDnet on the same day.

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## 1. Qualitative Information on Financial Results

### (1) Analysis of Operating Results

During the first quarter of the current consolidated fiscal year, the Japanese economy is expected to pick up, partly due to the effects of various policies and improvements in overseas economies, while taking all possible measures against COVID-19. However, amid the uncertainty caused by the situation in Ukraine and other factors, we need to pay close attention to downside risks due to rising raw material prices, fluctuations in financial and capital markets, supply constraints and the impact of COVID-19. Under these economic conditions, the Group provides Service Life Cycle Solutions Business that provides quality consulting, game testing/verification & evaluation, software third party verification, environment construction and transition support, monitoring, customer support, anti-fraud, BPR support, etc. that occurs in the process of our clients lifecycle of planning, development, release, operation, and improvement. During the first quarter's consolidated period, we merged three main operating companies, Pole To Win Co., Ltd., PITCREW CO., LTD. and QaaS Co., Ltd., in February to seamlessly solve the problems in the life cycle of customers' services and products and to promote management efficiency. Similarly, in February, MIRAI Service Design co. ltd merged with SOFTWARE Corporation, MSD Secure Service Inc., and Seitatsu Technology, Inc. In overseas, PTW New Zealand Limited (a New Zealand subsidiary) was established for the purpose of business expansion. We promoted "Service Life Cycle Solutions Business" on a global scale through the collaboration of 12 domestic cities and 22 overseas offices in 13 countries.

As a result, net sales for the first quarter of the current fiscal year were ¥9,610,998 thousand (increased 19.9% year-on-year), operating profit was ¥710,077 thousand (decreased 14.5% year-on-year), ordinary profit was ¥865,752 thousand (increased 0.9% year-on-year), and profit attributable to owners of the parent was ¥380,946 thousand (decreased 28.2%).

Since the Company changed its reportable segment to a single segment of "Service Life Cycle Solutions Business" effective from the first quarter of the current fiscal year, the description of operating results by segment is omitted.

Operating results by service category are as follows.

#### **Domestic Solutions**

In this service category, domestic subsidiaries provide services for the game market, including testing, customer support, localization, and overseas expansion support. For the Technology market, the company provides services related to software third-party verification, environment construction, server monitoring, data center operation, and kitting. For the e-commerce market, the company provides monitoring and customer support services. After the merger of the three companies, Pole To Win Co., Ltd. integrated its sales division and promoted cross-selling of various services. In addition, MIRAI Service Design co. ltd from the third quarter of the previous fiscal year and Ninjastars Inc. from the first quarter of the current fiscal year were newly consolidated, respectively. As a result, sales of Domestic Solutions totaled ¥6,396,725 thousand.

#### **Overseas Solutions**

In this service category, overseas subsidiaries provide services related to testing, localization, voice recording, customer support, product development support, and art production. Despite a decline in the utilization rate of staff residing in Russia and the incurrence of operational restructuring costs, orders for voice recording, localization, and customer support remained strong, and sales increased due to the yen's depreciation. As a result, sales of Overseas Solutions totaled ¥2,575,184 thousand.

#### **Media Contents**

In this service category, mainly through domestic subsidiaries, the Company provides services related to art production, game publishing, animation production, marketing support, and barrier-free subtitling and voice guidance production. QBIST Inc. received orders for art production for various games, and CREST Inc. promoted game publishing and animation production on consignment. As a result, sales of media content totaled ¥639,088 thousand.

## **(2) Analysis of Financial Position**

### **Total Assets**

Current assets increased by ¥893,483 thousand or 5.5% from the previous fiscal year-end, to ¥ 17,233,513 thousand. This was mainly due to a ¥755,907 thousand increase in notes and accounts receivable, trade and contract assets, and a ¥276,433 thousand increase in other (accounts receivable - other, etc.).

Non-current assets increased by ¥70,984 thousand or 1.2% from the previous fiscal year-end, to ¥ 6,012,443 thousand. The key factor was, although goodwill decreased by ¥111,505 thousand, investments in securities increased ¥127,019 thousand.

As a result, total assets increased by ¥964,467 thousand or 4.3% from the previous fiscal year-end, to ¥23,245,956 thousand.

### **Liabilities**

Current liabilities increased by ¥1,179,538 thousand or 28.4% from the previous fiscal year-end, to ¥5,338,179 thousand. This was mainly due to increases of ¥525,354 thousand in accounts payable-other and ¥686,160 thousand in others (deposits received, etc.), despite a decrease of ¥194,832 thousand in income taxes payable.

Non-current liabilities increased by ¥7,587 thousand or 1.6% from the previous fiscal year-end, to ¥484,166 thousand. This was mainly due to increase of ¥16,635 thousand in deferred tax liabilities. As a result, total liabilities increased by ¥1,187,125 thousand or 25.6% from the end of the previous fiscal year-end, to ¥5,822,346 thousand.

### **Net assets**

Net assets decreased by ¥222,658 thousand or 1.3% from the previous fiscal year-end, to ¥17,423,610 thousand. This was mainly because there was increase of 187,894 thousand in treasury stock and decrease of ¥104,036 thousand in retained earnings for profit attributable to owners of parent and dividend payment.

## **(3) Qualitative Information on Consolidated Earnings Forecasts**

Both revenues and earnings were broadly on target in the period under review. In the second quarter, therefore, management expects to generally remain on target, and has therefore retained the consolidated earnings forecasts that it disclosed on March 14, 2022. Note, however, that the earnings forecasts are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not guarantee that the Company will achieve its earnings forecasts. In addition, actual business and other results may differ substantially due to various factors.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Thousands of yen)

	As of January 31, 2022	As of April 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	9,735,217	9,674,285
Notes and accounts receivable - trade	4,941,367	—
Notes, accounts receivable – trade, and contract assets	—	5,697,275
Merchandise and finished goods	203	203
Work in process	262,767	190,290
Other	1,479,892	1,756,326
Allowance for doubtful accounts	-79,419	-84,867
Total current assets	16,340,029	17,233,513
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,107,978	1,126,820
Accumulated depreciation	-689,863	-719,472
Buildings and structures, net	418,115	407,347
Machinery, equipment and vehicles	23,486	23,728
Accumulated depreciation	-17,741	-18,260
Machinery, equipment and vehicles, net	5,744	5,468
Tools, furniture and fixtures	2,013,467	2,141,281
Accumulated depreciation	-1,546,857	-1,668,575
Tools, furniture and fixtures, net	466,610	472,706
Total property, plant and equipment	890,470	885,522
Intangible assets		
Goodwill	2,377,166	2,265,661
Software	263,463	299,107
Intangible assets	280,648	279,967
Other	3,007	2,991
Total intangible assets	2,924,286	2,847,726
Investments and other assets		
Investment securities	802,137	929,157
Leasehold and guarantee deposits	753,945	796,545
Deferred tax assets	500,422	497,599
Other	135,491	129,893
Allowance for doubtful accounts	-65,294	-74,001
Total investments and other assets	2,126,702	2,279,194
Total non-current assets	5,941,459	6,012,443
<b>Total assets</b>	<b>22,281,489</b>	<b>23,245,956</b>

(Thousands of yen)

	As of January 31, 2022	As of April 30, 2022
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term borrowings	48,394	48,513
Accounts payable - other	1,987,729	2,513,084
Accrued expenses	560,653	601,283
Income taxes payable	642,376	447,544
Provision for bonuses	79,077	201,182
Other	840,410	1,526,571
Total current liabilities	4,158,641	5,338,179
Non-current liabilities		
Long-term borrowings	251,389	243,328
Retirement benefit liability	120,856	131,506
Deferred tax liabilities	16,626	33,261
Other	87,706	76,070
Total non-current liabilities	476,579	484,166
Total liabilities	4,635,220	5,822,346
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,239,064	1,239,064
Capital surplus	2,379,899	2,379,899
Retained earnings	14,120,757	14,016,720
Treasury shares	-293,102	-480,996
Total shareholders' equity	17,446,619	17,154,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,063	28,596
Foreign currency translation adjustment	164,658	230,768
Total accumulated other comprehensive income	191,721	259,365
Non-controlling interests	7,926	9,555
Total net assets	17,646,268	17,423,610
Total liabilities and net assets	22,281,489	23,245,956

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income (Three-month period ended April 30, 2022)**

(Thousands of yen)

	Three months ended April 30, 2021	Three months ended April 30, 2022
Net sales	8,015,783	9,610,998
Cost of sales	5,784,909	6,924,412
Gross profit	2,230,874	2,686,586
Selling, general and administrative expenses	1,400,612	1,976,508
Operating profit	830,261	710,077
Non-operating income		
Foreign exchange gains	—	106,193
Subsidy income	42,957	60,667
Other	4,399	6,632
Total non-operating income	47,356	173,493
Non-operating expenses		
Interest expenses	268	510
Foreign exchange losses	2,089	—
Share of loss of entities accounted for using equity method	12,780	11,542
Other	4,485	5,766
Total non-operating expenses	19,624	17,818
Ordinary profit	857,993	865,752
Extraordinary losses		
Loss on retirement of non-current assets	15,125	3,923
Total extraordinary losses	15,125	3,923
Profit before income taxes	842,868	861,828
Income taxes	316,313	479,254
Profit	526,554	382,574
Profit attributable to non-controlling interests or Loss attributable to non-controlling interests	-3,924	1,628
Profit attributable to owners of parent	530,478	380,946



## Consolidated Statement of Comprehensive Income (Three-month period ended April 30, 2022)

(Thousands of yen)

	Three months ended April 30, 2021	Three months ended April 30, 2022
Profit	526,554	382,574
Other comprehensive income		
Valuation difference on available-for-sale securities	17,801	1,533
Foreign currency translation adjustment	251,244	59,922
Share of other comprehensive income of entities accounted for using equity method	18,615	5,955
Total other comprehensive income	287,660	67,411
Comprehensive income	814,215	449,986
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	818,961	448,589
Comprehensive income attributable to non-controlling interests	-4,746	1,396

### **(3) Notes to Consolidated Financial Statements**

#### **(Notes on Going Concern Assumption)**

Not applicable

#### **(Notes on Significant Changes in Shareholders' Equity)**

Not applicable

#### **(Changes in accounting policies)**

##### **(Application of Accounting Standards for Revenue Recognition)**

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Accounting Standard for Revenue Recognition") was applied from the beginning of the current fiscal year, and revenue is now recognized at the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services has been transferred to the customer.

As a result, for some of the contracts with performance obligations to be fulfilled over a certain period of time, we previously recognized revenue at the time of completion of the work, but has changed to a method of estimating the degree of progress toward fulfillment of performance obligations and recognizing revenue over a certain period of time based on such progress, except for contracts with very short durations. We now recognize revenue over a certain period of time based on the estimated degree of completion.

The Company has followed the transitional policy prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the first quarter of the current fiscal year is added to or subtracted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from the beginning balance of the current fiscal year. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous policy prior to the beginning of the first quarter of the current fiscal year, in accordance with the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition. In addition, the Company has applied the method prescribed in Paragraph 86 and Note (1) of the Accounting Standard for Revenue Recognition to account for contract changes made prior to the beginning of the first quarter of the current fiscal year based on the contract terms after reflecting all contract changes, and the cumulative effect of such changes was added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year.

Please note that the effect of this change on profit and loss for the first quarter of the current fiscal year was not material. The balance of retained earnings at the beginning of the period increased ¥43,594 thousand.

Due to the application of the Accounting Standard for Revenue Recognition, "Notes and accounts receivable - trade," which were included under "Current assets" in the consolidated balance sheet in the previous consolidated fiscal year, are included in "Notes, accounts receivable – trade, and contract assets" from the current consolidated first quarter (as of April 30, 2022). In accordance with the transitional policy prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous consolidated fiscal year using the new presentation.

##### **(Application of Accounting Standard for Fair Value Measurement)**

In accordance with the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Accounting Standard for Fair Value Measurement"), the Company has applied the new standard. The "Accounting Standard for Calculation of Fair Value" (ASBJ Statement No. 30, July 4, 2019) and the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) are applied from the beginning of the first quarter of the current consolidated fiscal year. In accordance with the transitional policy prescribed in Paragraph 44-2, the new accounting policy prescribed in the Accounting Standard for Fair Value Measurement will be applied prospectively.

There is no impact on the Consolidated Financial Statements.

**(Use of particular accounting treatments in preparation of quarterly consolidated financial statements)  
(Calculation of income taxes payable)**

The tax expenses of the Group and certain consolidated subsidiaries are estimated reasonably based on effective tax rates after applying tax effect accounting for income before income taxes and minority interests for the consolidated fiscal year, including the first quarter under review, multiplying quarterly income before income taxes and minority interests by the relevant estimated effective tax rate.

**(Segment Information)**

1. Three months ended April 30, 2021 (from February 1, 2021 to April 30, 2021)

As stated in “2. Three months ended April 30, 2022 (from February 1, 2022 to April 30, 2022) (Changes in reporting segments)”.

2. Three months ended April 30, 2022 (from February 1, 2022 to April 30, 2022)

This information is omitted as the Group has a single segment, “Service Life Cycle Solutions Business”.

**(Changes in reporting segments)**

Effective from the first quarter of the current consolidated fiscal year, the Company has changed its reporting segment from two segments, "Testing/Verification & Evaluation Business" and "Internet Supporting Business" to a single segment, "Service Life Cycle Solutions Business”.

This is because the barriers between the game industry, which is the main market of the "Testing/Verification & Evaluation Business" and the internet industry, which is the main market of the "Internet Supporting Business" have become lower. In addition, the Company has been promoting the expansion of the Group's service areas through M&A and organizational changes aimed at improving business synergies and management efficiency within the Group, including the February 2022 merger of Pole To Win Co., Ltd., PITCREW CO., LTD. and QaaS Co., Ltd. The Company has decided to disclose the Group's entire business as the "Service Life Cycle Solutions Business" to more appropriately reflect the Group's business and decision-making process.

As a result of this change, the Group will have a single segment, "Service Life Cycle Solutions Business" and therefore segment information for the first quarter of the previous fiscal year (Three months ended April 30, 2021) and the first quarter of the current fiscal year (Three months ended April 30, 2022) has been omitted.