



March 14, 2023

Consolidated Financial Results for the Fiscal Year Ended January 31, 2023 (Japanese Accounting Standards)

Name of Listed Company: Pole To Win Holdings, Inc.
 Listing: Tokyo Stock Exchange, Prime Market
 Stock code: 3657
 URL: <https://www.phd.inc>
 Representatives: Teppei Tachibana, President & CEO
 Contact Person: Joji Yamauchi, Director & CFO
 Tel: +81-3-5909-7911
 Scheduled date of General Shareholders' Meeting: April 27, 2023
 Scheduled date to file Securities Report: April 28, 2023
 Scheduled date to commence dividend payments: April 28, 2023
 Supplementary explanatory materials prepared: Yes
 Explanatory meeting: No

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

1. Consolidated financial results for the fiscal year ended January 31, 2023 (From February 1, 2022 to January 31, 2023)

(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	%
Fiscal year ended January 31, 2023	39,929	16.6	2,724	-16.3	2,689	-19.3	795	-64.2
January 31, 2022	34,252	28.1	3,254	1.1	3,331	-7.3	2,219	4.7

(Note) Comprehensive income:

For the year ended January 31, 2023: 963 million yen (-62.4%)

For the year ended January 31, 2022: 2,559 million yen (41.9%)

	Net profit per share	Diluted net profit per share	Return on equity (ROE)	Ordinary profit /total assets	Operating profit ratio
Fiscal year ended	Yen	Yen	%	%	%
January 31, 2023	21.18	—	4.5	10.7	6.8
January 31, 2022	58.59	—	13.3	15.5	9.5

(Reference) Equity in earnings of affiliates:

For the year ended January 31, 2023: -168 million yen

For the year ended January 31, 2022: -67 million yen

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended	Millions of yen	Millions of yen	%	Yen
January 31, 2023	27,459	17,693	64.4	473.76
January 31, 2022	22,581	17,624	78.0	466.60

(Reference) Equity

As of January 31, 2023: 17,683 million yen

As of January 31, 2022: 17,616 million yen

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

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
January 31, 2023	1,920	-2,563	2,011	11,192
January 31, 2022	1,844	-2,661	-659	9,735

2. Cash dividends

	Cash dividends per share					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
January 31, 2022	—	00	—	14.00	14.00	528	23.9	3.2
January 31, 2023	—	00	—	15.00	15.00	559	70.8	3.2
Fiscal year ending January 31, 2024 (Forecasts)	—	00	—	16.00	16.00		30.3	

3. Consolidated financial forecasts for the fiscal year ending January 31, 2024 (From February 1, 2023 to January 31, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending July 31, 2023	24,067	22.4	1,338	-0.9	1,340	-18.9	882	445.7	23.84
Fiscal year ending January 31, 2024	50,136	25.6	3,174	16.5	3,177	18.2	1,952	145.6	52.72

* Notes:

(1) Changes in significant subsidiaries during the period : Yes
 (Changes in specified subsidiaries resulting in a change in the scope of consolidation)
 Excluded 1 company (Company name) PITCREW CO., LTD.

(2) 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 "3. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" on page 13 of the attached document.

(3) Number of common shares issued

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

As of January 31, 2023 : 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 January 31, 2023 : 829,830 shares

As of January 31, 2022 : 400,502 shares

c. Average number of shares

For the year ended January 31, 2023 : 37,544,455 shares

For the year ended January 31, 2022 : 37,881,028 shares

(Reference) Summary of non-consolidated operating results**Non-consolidated financial results for the fiscal year ended January 31, 2023****(From February 1, 2022 to January 31, 2023)****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes)

Fiscal year ended	Operating income		Operating profit		Ordinary profit		Net Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2023	2,305	24.1	1,387	57.8	790	188.2	701	57.1
January 31, 2022	1,858	18.9	879	0.8	274	-35.1	446	466.9

Fiscal year ended	Net profit per share		Diluted net profit per share	
	Yen		Yen	
January 31, 2023	18.69		—	
January 31, 2022	11.79		—	

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

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
January 31, 2023	10,264	5,201	50.7	139.36
January 31, 2022	6,471	5,438	84.0	144.05

(Reference) Equity

As of January 31, 2023: 5,201 million yen

As of January 31, 2022: 5,438 million yen

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

* Financial results are not subject to audit.

* 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 "(4) Earnings forecasts for the fiscal year ending January 31, 2024" under "1. Qualitative Information on Financial Results" on page 4 of the attachment to this report.

(How to obtain Supplementary Information to the Financial Results and details of the earnings results briefing)

The Company discloses the Supplementary Information to the Financial Results on the TDnet on the same day. Along with the earnings presentation materials, streaming video of content are scheduled to be promptly posted on the Company's website.

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1. Qualitative Information on Financial Results

(1) Analysis of Operating Results

During the current consolidated fiscal year under review, the Japanese economy is expected to pick up, partly due to the effects of various policies related to COVID-19, however, there is a risk that a downturn in overseas economies will put downward pressure on the Japanese economy as global monetary tightening and other factors continue. It is required to pay close attention to the effects of rising prices, supply-side constraints, fluctuations in financial and capital markets, and impact of COVID-19 cases increasing in China.

Under these economic conditions, the Group provides Service Life Cycle Solutions Business that provides quality consulting, game testing/verification & evaluation, software third party verification, system environment building 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 current consolidated fiscal year, we merged three main operating companies, Pole To Win, Inc., PITCREW CO., LTD. and QaaS Co., Ltd., in February to solve issues occurring in the life cycle of clients' services and products seamlessly and to promote management efficiency. Similarly, in February, the Company merged MIRAI Service Design Co. Ltd, SOFTWISE Corporation, MSD Secure Service co., ltd. and Seitatsu Technology, Inc as well. As for Pole To Win, Inc., we absorbed and merged with Daiichi Shorin Co., Ltd. in May and relocated its head office. Relocated and integrated its Kamiyashiro Centre, Meieki Centre and Chikusa Centre to establish the Nagoya Centre in September, and opened the Kyoto Center in December to result further consolidate management resources and increase efficiency within the Group. ENTALIZE CO.,Ltd. merged with PTW Japan Co., Ltd. in May and changed its name to "PTW Japan Co., Ltd". QBIST Inc. merged with colorful Inc. and Panda Graphics Inc in August. In order to promote the 360-Degree development of Intellectual Property, CREST Inc. acquired as subsidiaries SANETTY Produce Inc. in November, which is engaged in stage play production and producing business, and AQUAPLUS Co., Ltd. in December, which is engaged in designing, development and sales of game software, and planning, production and sales of music and video content masters. Domestic and overseas subsidiaries are actively recruiting human resources, improving working environments, and implementing advertising measures. In addition, as a first attempt to improve synergy among subsidiaries, Pole To Win, Inc., PTW Japan Co., Ltd, CREST Inc., and QBIST Inc. jointly exhibited at "Tokyo Game Show 2022" and "Tokyo Game Show VR 2022". 1518 Studios, Inc. (a US subsidiary) outsourced 2D art development and other operations to staff in Russia and Ukraine. However, the recent situation in Ukraine has made it difficult to carry out the business as planned created at the time of the initial business transfer. Due to this, 609,590 thousand yen in impairment losses on goodwill and intangible assets relating to 1518 Studios, Inc., 168,660 thousand yen in losses of certain investment securities for using equity method, and 70,136 thousand yen in loss on valuation of investment securities were recorded.

As a result of these factors, consolidated net sales for the current consolidated fiscal year were 39,929,250 thousand yen (increased 16.6% year-on-year), operating profit was 2,724,359 thousand yen (decreased 16.3% year-on-year), ordinary profit was 2,689,112 thousand yen (decreased 19.3% year-on-year), and profit attributable to owners of the parent was 795,111 thousand yen (decreased 64.2% year-on-year).

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

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 Group provides services related to software third-party verification, environment construction, server monitoring, data center operation, and kitting. For the e-commerce market, the Group provides services related monitoring and customer support services. Taking advantage of the merger effect of the three companies, Pole To Win, Inc. has been promoting the development and cross-selling of various services, including "DX Assist", which supports the Digital Transformation of operations, and "Metaverse Plus", which supports the operation of Metaverse. One-time expense have increased to enhance merger effectiveness and accelerated investments in hiring personnel and implementing IT systems and center openings. MIRAI Service Design Co., Ltd. and Ninjastars Inc. were newly consolidated in August 2021 and February 2022, respectively. As a result, net sales of Domestic Solutions totaled 25,560,492 thousand yen.

Overseas Solutions

In this service category, the overseas subsidiaries provide services related to game testing, localization, voice recording, customer support, product development support, and art production. Orders from clients in Japan increased as a result of collaboration with Domestic Solutions. 1518 Studios, Inc. was affected by the situation in Ukraine and orders for art production declined. However, orders for voice recording, localization, and customer support remained strong and sales increased due to the depreciation of the yen. As a result, net sales of Overseas Solutions totaled 11,712,991 thousand yen.

Media Contents

In this service category, mainly through domestic subsidiaries, the Group provides services related to art production, game publishing, animation production, marketing support, and barrier-free subtitling and voice guidance production. QBIST Inc. receives orders for art production for various games, and CREST Inc. engages in 360° business that maximize the value of IP (Intellectual Property), including games, animation, cross-media, and MD (merchandising) business, and has expanded its IP development field by acquiring SANETTY Produce Co., Ltd. and AQUAPLUS Co., Ltd. as subsidiaries. As a result, net sales of Media Contents totaled 2,655,766 thousand yen.

(2) Analysis of Financial Position

Assets

Current assets increased by 3,904,310 thousand yen or 23.9% from the previous fiscal year-end, to 20,244,340 thousand yen. This was mainly due to the increases of 1,457,556 thousand yen in cash and deposits, 1,407,998 thousand yen in Notes, accounts receivable – trade, and contract assets, 228,519 thousand yen in work in process, and 738,010 thousand yen in others (accounts receivable - other, etc.).

Non-current assets increased by 973,633 thousand yen or 15.6% from the previous fiscal year-end, to 7,215,376 thousand yen. This was mainly due to the increases of 412,769 thousand yen in buildings and structures, 137,174 thousand yen in tools, furniture and fixtures, 309,089 thousand yen in software, 251,189 thousand yen in investment securities, 271,066 thousand yen in leasehold and guarantee deposits, and 238,197 thousand yen in investments and other assets, despite the decreases of 284,093 thousand yen in goodwill and 378,648 thousand yen in intangible assets. As a result, total assets increased by 4,877,943 thousand yen or 21.6% from the previous fiscal year-end, to 27,459,716 thousand yen.

Liabilities

Current liabilities increased by 4,505,535 thousand yen or 108.3% from the previous fiscal year-end, to 8,664,176 thousand yen. This was mainly due to the increases of 3,005,970 thousand yen in short-term borrowings, 342,294 thousand yen in current portion of long-term borrowings, 1,253,593 thousand yen in accounts payable - other, and 237,854 thousand yen in others (advance received, etc.), despite the decrease of 234,158 thousand yen in income taxes payable.

Non-current liabilities increased by 303,777 thousand yen or 38.0% from the previous fiscal year-end, to 1,102,390 thousand yen. This was mainly due to the increase of 224,064 thousand yen in long-term borrowings.

As a result, total liabilities increased by 4,809,313 thousand yen or 97.0% from the end of the previous fiscal year-end, to 9,766,566 thousand yen.

Net assets

Net assets increased by 68,630 thousand yen or 0.4% from the previous fiscal year-end, to 17,693,150 thousand yen. This was mainly due to the increases of 310,128 thousand yen in retained earnings, 410,147 thousand yen in treasury shares, and 190,208 thousand yen in foreign currency translation adjustment, mainly as a result of recording net profit attributable to owners of parent and dividend payments.

(3) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") as of January 31, 2023 increased by 1,457,556 thousand yen from the previous fiscal year, to 11,192,774 thousand yen.

Cash flows for each activity and the reasons behind them for the current consolidated fiscal year are as follows.

Cash flows from operating activities

Operating activities provided net cash of 1,920,371 thousand yen compared to 1,844,490 thousand yen provided in the previous fiscal year. The main contributors included 1,995,955 thousand yen in profit before income taxes, 637,046 thousand yen in depreciation, 609,590 thousand yen in impairment loss, 400,258 thousand yen in amortization of goodwill, 168,660 thousand yen in share of loss of entities accounted for using equity method, -288,906 thousand yen in decrease (increase) in trade receivables and contract assets, 683,521 thousand yen in increase of accounts payable—other, -1,467,659 thousand yen in income taxes paid.

Cash flows from investing activities

Investing activities used net cash of -2,563,267 thousand yen compared to -2,661,898 thousand yen used in the previous fiscal year. Major factors included -815,318 thousand yen in purchase of property, plant and equipment, -305,204 thousand yen in purchase of intangible assets, -502,896 thousand yen in purchase of investment securities, -529,901 thousand yen in purchase of shares of subsidiaries resulting in change in scope of consolidation, -129,167 thousand yen in payments for transfer of business, -385,566 thousand yen in payments of leasehold and guarantee deposits, 100,659 thousand yen in proceeds from refund of leasehold and guarantee deposits.

Cash flows from financing activities

Financing activities used net cash of 2,011,214 thousand yen from -659,830 thousand yen used in the previous fiscal year. The main factor in this change was -3,000,000 thousand yen in short-term borrowings, -528,576 thousand yen in dividends paid, and -410,994 thousand yen in purchase of treasury shares.

(4) Earnings forecasts for the fiscal year ending January 31, 2024

In the fiscal year ended January 31, 2023, the previous segment classifications of "Testing/Verification & Evaluation Business", "Internet Supporting Business", and "Others" were changed to a single segment of "Service Life Cycle Solutions Business" in line with the Group's actual businesses. Through these efforts, we promote the provision of holistic solution services that meet the challenges of the planning, development, release, operation, and improvement phases of our clients' services and products. To consolidate management resources and improve efficiency, we actively engaged in mergers among subsidiaries and accelerated investments in hiring human resources and implementing IT systems and opening centers to enhance the effects of mergers.

In the fiscal year ending January 31, 2024, we will continue to aim to promote "Service Life Cycle Solutions" and enhance collaboration between the core businesses of Domestic Solutions and Overseas Solutions, and our new business, Media Contents to create a cycle of business expansion by providing the services that customers demand in all directions. In addition, we will continue to invest aggressively in both core and new businesses, and will accelerate growth through mergers and acquisitions to strengthen our management base, and grow and expand our businesses.

As a result, for the fiscal year ending January 31, 2024, we project net sales of 50,136 million yen (up 25.6% year-on-year), operating profit of 3,174 million yen (up 16.5% year-on-year), ordinary profit of 3,177 million yen (up 18.2% year-on-year), and profit attributable to owners of parent of 1,952 million yen (up 145.6% year-on-year).

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. Basic Policy on Selection of Accounting Standards

Considering the comparability of consolidated statements across periods and among companies, the Group has a policy of preparing its consolidated financial statements in accordance with Japanese Accounting Standards for the time being.

Regarding the application of International Financial Reporting Standards, the Group is to respond appropriately, taking into account circumstances in Japan and abroad.

3. Consolidated Financial Statements and main notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of January 31, 2022	As of January 31, 2023
Assets		
Current assets		
Cash and deposits	9,735,217	11,192,774
Notes and accounts receivable - trade	4,941,367	—
Notes and accounts receivable - trade, and contract assets	—	6,349,366
Merchandise and finished goods	203	6,512
Work in process	262,767	491,287
Other	1,479,892	2,217,903
Allowance for doubtful accounts	-79,419	-13,503
Total current assets	16,340,029	20,244,340
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,107,978	1,582,031
Accumulated depreciation	-689,863	-751,146
Buildings and structures, net	418,115	830,884
Machinery, equipment and vehicles	23,486	46,395
Accumulated depreciation	-17,741	-26,378
Machinery, equipment and vehicles, net	5,744	20,017
Tools, furniture and fixtures	2,013,467	2,538,126
Accumulated depreciation	-1,546,857	-1,934,342
Tools, furniture and fixtures, net	466,610	603,784
Other	—	92,830
Total property, plant and equipment	890,470	1,547,517
Intangible assets		
Goodwill	1,746,450	1,462,357
Software	263,463	572,552
Intangible assets	1,211,648	833,000
Other	3,007	3,997
Total intangible assets	3,224,571	2,871,908
Investments and other assets		
Investment securities	802,137	1,053,327
Leasehold and guarantee deposits	753,945	1,025,012
Deferred tax assets	500,422	418,638
Other	135,491	373,689
Allowance for doubtful accounts	-65,294	-74,717
Total investments and other assets	2,126,702	2,795,950
Total non-current assets	6,241,743	7,215,376
Total assets	22,581,773	27,459,716

	As of January 31, 2022	As of January 31, 2023
Liabilities		
Current liabilities		
Short-term borrowings	—	3,005,970
Current portion of long-term borrowings	48,394	390,688
Accounts payable - other	1,987,729	3,241,322
Accrued expenses	560,653	508,693
Income taxes payable	642,376	408,218
Provision for bonuses	79,077	31,019
Other	840,410	1,078,264
Total current liabilities	4,158,641	8,664,176
Non-current liabilities		
Long-term borrowings	251,389	475,453
Retirement benefit liability	120,856	136,291
Deferred tax liabilities	338,659	329,159
Other	87,706	161,486
Total non-current liabilities	798,612	1,102,390
Total liabilities	4,957,253	9,766,566
Net assets		
Shareholders' equity		
Share capital	1,239,064	1,239,064
Capital surplus	2,379,899	2,380,082
Retained earnings	14,099,008	14,409,137
Treasury shares	-293,102	-703,249
Total shareholders' equity	17,424,870	17,325,035
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,063	3,777
Foreign currency translation adjustment	164,658	354,866
Total accumulated other comprehensive income	191,721	358,643
Non-controlling interests	7,926	9,470
Total net assets	17,624,519	17,693,150
Total liabilities and net assets	22,581,773	27,459,716

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Net sales	34,252,376	39,929,250
Cost of sales	24,535,211	28,878,186
Gross profit	9,717,164	11,051,064
Selling, general and administrative expenses	6,462,768	8,326,705
Operating profit	3,254,395	2,724,359
Non-operating income		
Interest income	3,989	4,778
Dividends income	2,173	1,926
Foreign exchange gains	—	24,790
Subsidy income	122,465	101,441
Gain on adjustment of account payable	8,081	8,636
Other	37,679	25,724
Total non-operating income	174,387	167,298
Non-operating expenses		
Interest expenses	1,636	4,404
Foreign exchange losses	10,724	—
Share of loss of entities accounted for using equity method	67,028	168,660
Other	17,417	29,481
Total non-operating expenses	96,807	202,545
Ordinary profit	3,331,975	2,689,112
Extraordinary income		
Gain on sale of non-current assets	230,813	—
Total extraordinary income	230,813	—
Extraordinary losses		
Loss on retirement of non-current assets	59,788	13,429
Loss on valuation of investment securities	63,018	70,136
Impairment losses	249,367	609,590
Total extraordinary losses	372,175	693,156
Profit before income taxes	3,190,614	1,995,955
Income taxes - current	1,299,616	1,136,655
Income taxes - deferred	-324,227	62,644
Total income taxes	975,388	1,199,300
Profit	2,215,225	796,655
Profit (loss) attributable to non-controlling interests	-4,129	1,544
Profit attributable to owners of parent	2,219,355	795,111

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Profit	2,215,225	796,655
Other comprehensive income		
Valuation difference on available-for-sale securities	-21,309	-23,286
Foreign currency translation adjustment	342,384	184,714
Share of other comprehensive income of entities accounted for using equity method	23,130	5,017
Total other comprehensive income	344,204	166,445
Comprehensive income	2,559,430	963,101
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,563,380	962,033
Comprehensive income attributable to non-controlling interests	-3,950	1,068

(3) Consolidated Statement of Changes in Net Assets
Fiscal year ended January 31, 2022 (From February 1, 2021 to January 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,239,064	2,379,899	12,372,175	-167,696	15,823,442
Changes of item during period					
Dividends of surplus			-492,521		-492,521
Profit attributable to owners of parent			2,219,355		2,219,355
Purchase of treasury shares				-125,405	-125,405
Net changes in items other than shareholders' equity					
Total changes of item during period	—	—	1,726,833	-125,405	1,601,428
Balance at end of period	1,239,064	2,379,899	14,099,008	-293,102	17,424,870

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	48,373	-200,676	-152,303	3,950	15,675,089
Changes of item during period					
Dividends of surplus					-492,521
Profit attributable to owners of parent					2,219,355
Purchase of treasury shares					-125,405
Net changes in items other than shareholders' equity	-21,309	365,335	344,025	3,976	348,001
Total changes of item during period	-21,309	365,335	344,025	3,976	1,949,430
Balance at end of period	27,063	164,658	191,721	7,926	17,624,519

Fiscal year ended January 31, 2023 (From February 1, 2022 to January 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,239,064	2,379,899	14,099,008	-293,102	17,424,870
Cumulative effects of changes in accounting policies			43,594		43,594
Restated balance	1,239,064	2,379,899	14,142,603	-293,102	17,468,465
Changes of item during period					
Dividends of surplus			-528,576		-528,576
Profit attributable to owners of parent			795,111		795,111
Purchase of treasury shares				-410,994	-410,994
Disposal of treasury shares		183		846	1,030
Net changes in items other than shareholders' equity					
Total changes of item during period	—	183	266,534	-410,147	-143,429
Balance at end of period	1,239,064	2,380,082	14,409,137	-703,249	17,325,035

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	27,063	164,658	191,721	7,926	17,624,519
Cumulative effects of changes in accounting policies					43,594
Restated balance	27,063	164,658	191,721	7,926	17,668,113
Changes of item during period					
Dividends of surplus					-528,576
Profit attributable to owners of parent					795,111
Purchase of treasury shares					-410,994
Disposal of treasury shares					1,030
Net changes in items other than shareholders' equity	-23,286	190,208	166,921	1,544	168,465
Total changes of item during period	-23,286	190,208	166,921	1,544	25,036
Balance at end of period	3,777	354,866	358,643	9,470	17,693,150

(4) Consolidated Statements of Cash Flows

(Thousands of
yen)

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,190,614	1,995,955
Depreciation	576,796	637,046
Impairment losses	249,367	609,590
Amortization of goodwill	367,464	400,258
Increase (decrease) in allowance for doubtful accounts	-5,477	-77,411
Increase (decrease) in provision for bonuses	-4,763	-50,683
Increase (decrease) in retirement benefit liability	24,284	15,434
Interest and dividend income	-6,162	-6,705
Subsidy income	-122,465	-101,441
Interest expenses	1,636	4,404
Foreign exchange loss (gains)	-38,214	48,403
Share of loss (profit) of entities accounted for using equity method	67,028	168,660
Gain on sale of non-current assets	-230,813	-
Loss on retirement of non-current assets	59,788	13,429
Loss (gain) on valuation of investment securities	63,018	70,136
Decrease (increase) in trade receivables	316,924	-
Decrease (increase) in trade receivables and contract assets	-	-288,906
Increase (decrease) in accounts payable - other	-646,504	683,521
Increase (decrease) in accrued expenses	217,164	-91,002
Increase (decrease) in accrued consumption taxes	-36,851	-63,853
Increase (decrease) in deposits received	-134,141	18,289
Other, net	-439,627	-694,466
Subtotal	3,469,066	3,290,660
Interest and dividends received	7,828	3,717
Subsidies received	122,465	101,441
Interest paid	-2,928	-7,790
Income taxes paid	-1,751,940	-1,467,659
Net cash provided by (used in) operating activities	1,844,490	1,920,371
Cash flows from investing activities		
Purchases of property, plant and equipment	-571,736	-815,318
Proceeds from sales of property, plant and equipment	2,510	-
Purchase of intangible assets	-80,385	-305,204
Proceeds from sales of intangible assets	230,813	-
Purchase of investment securities	-284,245	-502,896
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-1,529,015	-529,901
Payments for acquisition of business	-477,539	-129,167
Loan advances	-6,048	-9,228
Proceeds from collection of loans receivable	12,100	13,357
Payments of leasehold and guarantee deposits	-75,516	-385,566
Proceeds from refund of leasehold and guarantee deposits	117,164	100,659
Net cash provided by (used in) investing activities	-2,661,898	-2,563,267
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-13,081	3,000,000
Repayments of long-term borrowings	-28,822	-49,214
Dividends paid	-492,521	-528,576
Purchase of treasury shares	-125,405	-410,994
Net cash provided by (used in) financing activities	-659,830	2,011,214
Effect of exchange rate changes on cash and cash equivalents	53,907	89,238
Net increase (decrease) in cash and cash equivalents	-1,423,330	1,457,556
Cash and cash equivalents at beginning of period	11,158,548	9,735,217
Cash and cash equivalents at end of period	9,735,217	11,192,774

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

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 consolidated 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 current consolidated 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 this current consolidated 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 current consolidated 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 current consolidated 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 current consolidated fiscal year.

Please note that the effect of this change on profit/loss, and per share information for the current consolidated fiscal year was not material. The balance of retained earnings at the beginning of the period increased 43,594 thousand yen. 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 and accounts receivable - trade and contract assets" from the current consolidated fiscal year. In addition, "Decrease (increase) in trade receivables" which was included under "Cash flows from operating activities" in the consolidated statements of cash flows for the previous consolidated year, now is included in "Decrease (increase) in trade receivables and contract assets" from the current consolidated fiscal year. 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)

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") has been applied from the beginning of the current consolidated fiscal year. The new accounting policy prescribed in the Accounting Standard for Fair Value Measurement will be applied prospectively in accordance with the transitional policy prescribed in paragraph 19 of the "Accounting Standard for Fair Value" and in a paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

There is no impact on the Consolidated Financial Statements.

Segment Information
(Segment Information)

(Changes in reporting segments)

Effective from 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, Inc., 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 previous fiscal consolidated year and the current consolidated fiscal year have been omitted.

(Related information)

Fiscal year ended January 31, 2022 (From February 1, 2021, to January 31, 2022)

1. Product and services-specific information

This information is omitted as the Group has a single segment, "Service Life Cycle Solutions Business" and as revenues from external customers in a single product or service category exceed 90% of net sales in the consolidated statements of income.

2. Geographical information

(1) Net sales

(Thousands of yen)				
Japan	Asia	North America	Europe	Total
24,371,791	1,215,296	5,797,410	2,867,879	34,252,376

Note: Sales are categorized by country or region based on customer locations.

(2) Property, plant and equipment

(Thousands of yen)				
Japan	Asia	North America	Europe	Total
466,288	136,864	154,074	133,242	890,470

3. Key customer information

Omitted as no customer accounts for more than 10% of sales in Consolidation Income Statements.

Fiscal year ended January 31, 2023 (From February 1, 2022 to January 31, 2023)

1. Product and services-specific information

This information is omitted as the Group has a single segment, "Service Life Cycle Solutions Business" and as revenues from external customers in a single product or service category exceed 90% of net sales in the consolidated statements of income.

As stated in "Changes in reporting segments", the Company changed to a single segment in the current consolidated fiscal year, and information for the previous consolidated fiscal year is based on the same classification.

2. Geographical information

(1) Net sales

(Thousands of yen)

Japan	Asia	North America	Europe	Total
27,495,917	1,587,999	6,209,088	4,636,244	39,929,250

Note: Sales are categorized by country or region based on customer locations.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Asia	North America	Europe	Total
886,851	146,780	370,741	143,143	1,547,517

3. Key customer information

Omitted as no customer accounts for more than 10% of sales in Consolidation Income Statements.

(Information on impairment losses on property, plant and equipment by reporting segments)

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

(Information on amortization of goodwill and amortized balance by reporting segments)

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

(Information on negative goodwill gains by reporting segments)

Not applicable.

Per share information

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Net assets per share	¥466.60	¥473.76
Net profit per share	¥58.59	¥21.18

Note: 1. Dilutive net profit per share is not shown in the above table, as there are no dilutive shares.

2. Net assets per share for the previous consolidated fiscal year and Net profit per share for the current consolidated fiscal year are calculated based on the amount after reflecting the significant revision of the initial allocation of acquisition cost due to the finalization of provisional accounting procedures.

3. The basis for calculating net profit per share and diluted net profit per share is as follows.

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Net profit per share		
Profit attributable to owners of parent (thousands of yen)	2,219,355	795,111
Amount not attributable to common stockholders (thousands of yen)	—	—
Profit attributable to owners of parent per share of common stock (thousands of yen)	2,219,355	795,111
Average number of shares of common stock outstanding during period	37,881,028	37,544,455

Significant Subsequent Events

Not applicable.