



April 12, 2023

Company Name Pole To Win Holdings, Inc.
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(Securities code: 3657,
Tokyo Stock Exchange, Prime Market)
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A Message to Our Shareholders Regarding Efforts to Increase Our Corporate Value

The Company hereby announces that we released a message today to our shareholders regarding our efforts to enhance our corporate value as a group.

For the full text of the message, please refer to the attached.

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A Message to Our Shareholders Regarding Efforts to Increase Our Corporate Value

We strongly thank you for your continued support of our company.

We have been engaging in constructive dialogue with our shareholders and investors with the aim of enhancing the corporate value of our group. Through these dialogues, we have received a variety of comments and suggestions regarding our business strategies and capital policies. We have decided to release the explanatory materials in the hope that our shareholders will gain a better understanding of our views on our business strategy and our future approach to medium- and long-term growth and enhancement of corporate value.

We will continue to engage in constructive dialogue with investors and strive to enhance our corporate value through the steady implementation of the initiatives presented here, and we ask for the continued understanding from our shareholders.

1. Efforts to Today to Strengthen Our Corporate Value

Under the new corporate slogan, "Seize the New," which we adopted last year, the Group has made steady progress by applying the ideas of "Things Only Humans Can Do," and "Higher Quality Systems." It is through these efforts that we continue to work towards achieving the philosophy behind our corporate mission: no matter how much progress is made towards systemization in the world, there are details that can ultimately only be checked by humans.

Specifically, we would like to draw attention to the three practices that comprise the Group's "Service & Life Cycle Solution Initiative": 1) Domestic Solutions, 2) Overseas Solutions, and 3) Media Contents. Through proactive and flexible growth investments in facilities, IT systems, and mergers and acquisitions, we have been facilitating organic, mutual connections within the three domains mentioned above, thus enabling us to provide services sought by customers in all areas of our business and promote continuous expansion and value creation. As a result, we achieved an annual average growth rate of 12.7% in consolidated sales over the period from January 2019 to January 2023 in addition to a high ROE, averaging about 12.4%, over the past three years.

2. Recognition of Management Issues and Future Initiatives

(1) Ongoing monitoring of our business portfolio to optimize the Group's management structure

Although we have achieved stable sales growth, against a backdrop of proactive personnel recruitment, changes in the work environment, and impairment losses on overseas subsidiaries, the Company's consolidated operating income for the fiscal year ended January 31, 2023 declined 16.3 percent year-over-year to 2.724 billion JPY, and net income attributable to owners of the parent declined 64.2 percent year-over-year to 795 million JPY. Likewise, our operating profit margin declined from 13.5 percent in the fiscal year ending January 31, 2020 to 6.8 percent in the fiscal year ending January 31, 2023. At this time, our profitability is on a downward trend.

In particular, with regards to the Media Content business, we reported a loss of 667 million JPY for the full year. We believe that this area is still in its development phase with a lot of upfront investment. In terms of specifics, we are expanding business through investments to increase our ability to accept requests for animation and graphics production. Furthermore, we are also expanding our IP development into the fields of music, stage plays, theater, and more with "IP360° Development" as our central focus. We have been promoting efforts to improve management efficiency, such as in the mergers of Pole To

Win Co., Ltd., PITCREW CO., LTD., and QaaS Co., Ltd. in February of last year. We will continue to strive to develop an optimized organization structure through group integration, reforming our IT systems, and other efforts.

In addition, as business conditions surrounding the Company continue to change rapidly, we anticipate a time in the future in which it will be important to implement flexible transformation of our business portfolio based on business life cycles. Consequently, we will continue efforts to build systems that enable us to carry out continuous monitoring to ensure our business portfolio is conducive to maximizing the Group's profits.

(2) Formulation of a capital allocation policy to achieve improved capital efficiency and sustainable growth

With ROE declining from 16.9% in the fiscal year ended January 2019 to 4.5% in the fiscal year ended January 2023, alongside the fact that we have amassed significant capital and cash or cash equivalents, we recognize that the further improvement of capital efficiency is an important concern.

In terms of shareholder returns, not only have we achieved a continuous increase in dividends with a target payout ratio of 25%, we have also implemented timely and appropriate share buybacks, such as the current program of 800,000 shares / 700 million JPY. In the fiscal year ending January 31, 2023, net cash has decreased due to the Group's utilization of interest-bearing liabilities and share buybacks. We will continue efforts to increase shareholder returns and improve capital efficiency through flexible share buybacks and continued increases of dividends.

We believe it is also important to secure flexible investment funds and financial stability to improve our long-term corporate value.

In order to achieve both improved capital efficiency and sustainable growth, we plan to discuss, design, and disclose a new company-wide capital allocation policy that will include achieving an optimal capital structure through further usage of debt financing. We will also continue to engage in ongoing communication with our shareholders and investors regarding our business strategies and capital allocation.

(3) Strengthening our corporate governance structure

We recognize that ensuring the diversity and independence of our Board of Directors is important.

Our current Board of Directors is comprised of members with an incredibly diverse array of experiences and expertise, including an American female director. At this Annual General Shareholders Meeting, the Company has submitted a proposal to appoint a new, independent outside director who has a certification in securities analyst with experience working in venture capital.

At the same time, in addition to ensuring diversity and independence, we believe it is important that the Board of Directors is optimally comprised of individuals with the necessary expertise to solve management issues so we are able to strengthen our corporate value.

We shall continue efforts to achieve an optimal composition of our Board of Directors, improve efficacy, and strengthen our corporate governance system by continually re-examining the Board's skill matrix; increasing the number of directors in a timely and appropriate manner; considering the possibility of increasing the ratio of outside directors.



Pole To Win Holdings, Inc.

Corporate Strategy and Future Policies

Securities code : 3657
Abbreviation : Pole HD

April 12, 2023

The Road to realizing the vision of Pole To Win



Integrating people and technology to solve client concerns

Seize The New

Our corporate slogan, "Seize The New," is based on the phrase "seize the day." It carries with it the message of "shaping the future through thought." The worldwide market conditions surrounding us are constantly changing. We will continue to tackle challenges, constantly thinking and expanding our possibilities, making optimal decisions from the options available.

Establishing a Business and Organizational Structure That Maximizes the Group's Profits

- Service and life-cycle solutions: formulating a lineup of services that meet all aspects of clients' needs
- Organic growth achieved by strengthening the link between each business
- Consideration and reorganization of our portfolio in response to industry changes

Growth Strategies

- Domestic and overseas solutions acting as a core business to provide steady growth
- Achieving mutual growth with domestic and overseas solutions with our Media Contents business through the IP production, such as commissioned anime production and game publishing
- Utilizing mergers and acquisitions (M&A) for growth and expansion in the points listed above

Capital Policies

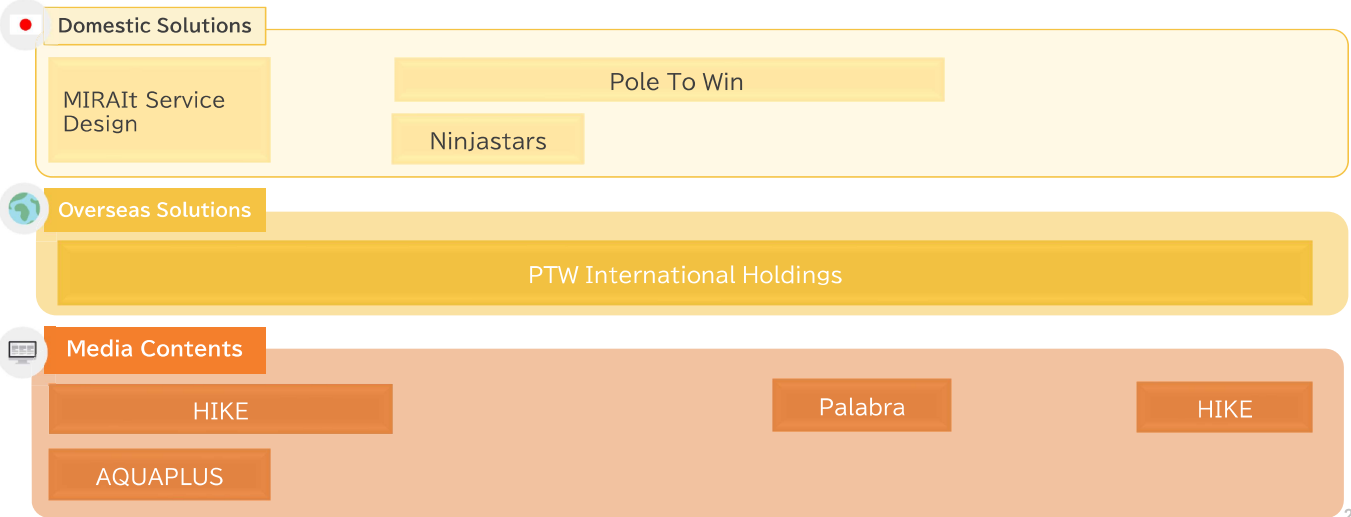
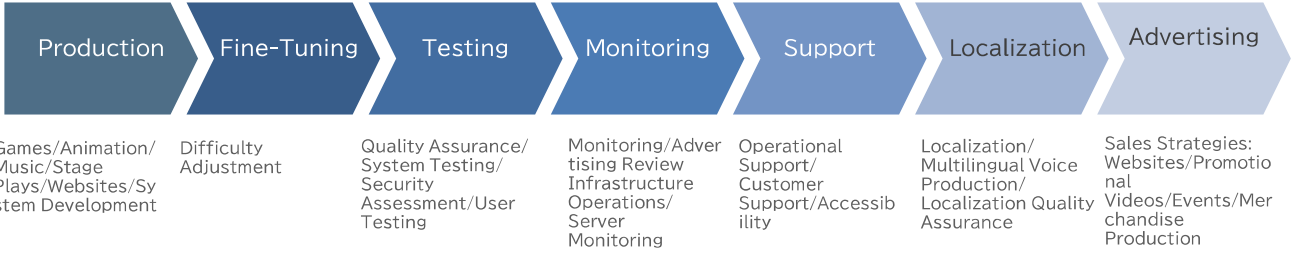
- Staying committed to increasing corporate value without accumulating excess cash on hand through optimal allocation to growth investments and shareholder returns
- Review shareholder return potential based on a bottom-up approach with a focus on minimum cash requirements and growth investment levels
- Review shareholder return levels based on a top-down approach using DOE and total payout ratio as benchmarks



Sustainably strengthen our corporate value by implementing capital policies and enhancing growth strategies that increase EPS and ROE, all while optimizing the balance between growth investment and shareholder returns

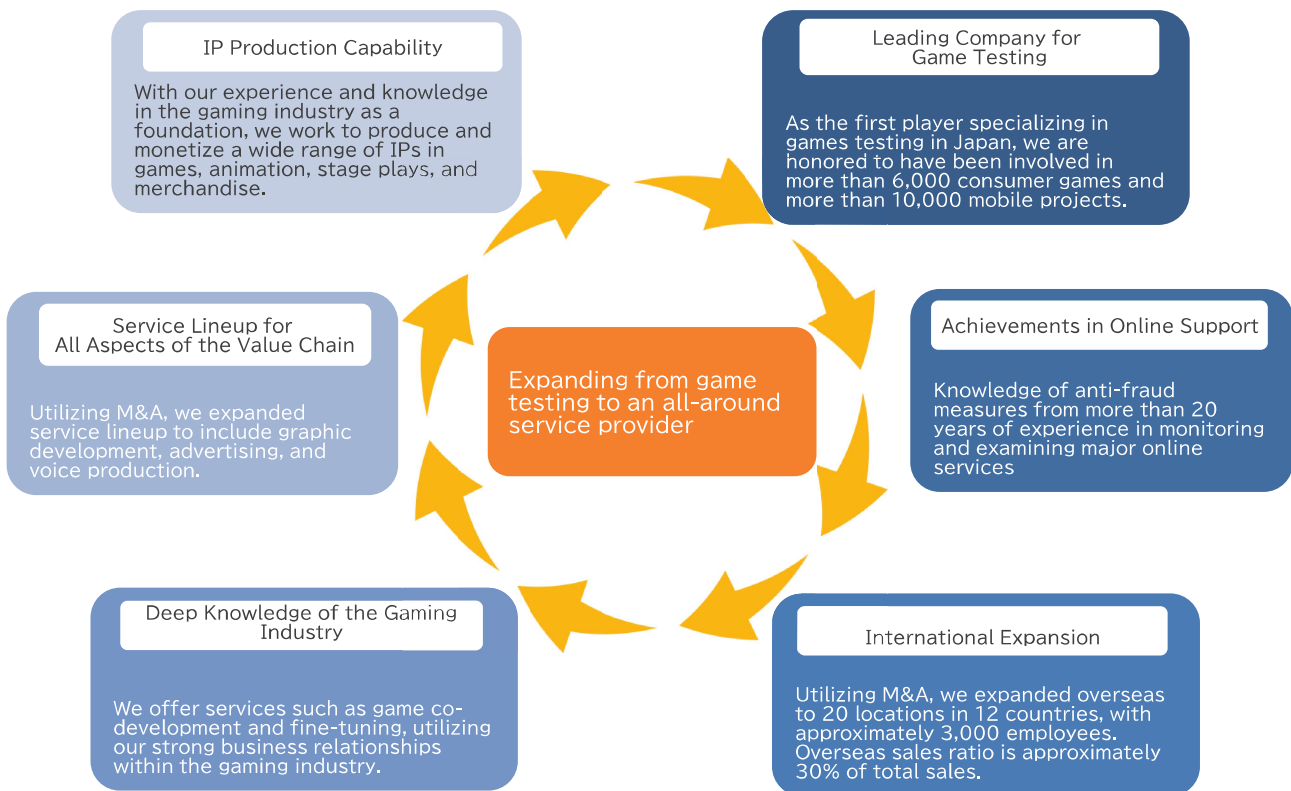
Customer Value

- We offer solutions for the entire service life-cycle to our clients in every area
- Our Media Contents business handles animation production commissions as well as game publishing. By producing IPs, we expand our business cycle by linking with our Domestic and Overseas Solutions



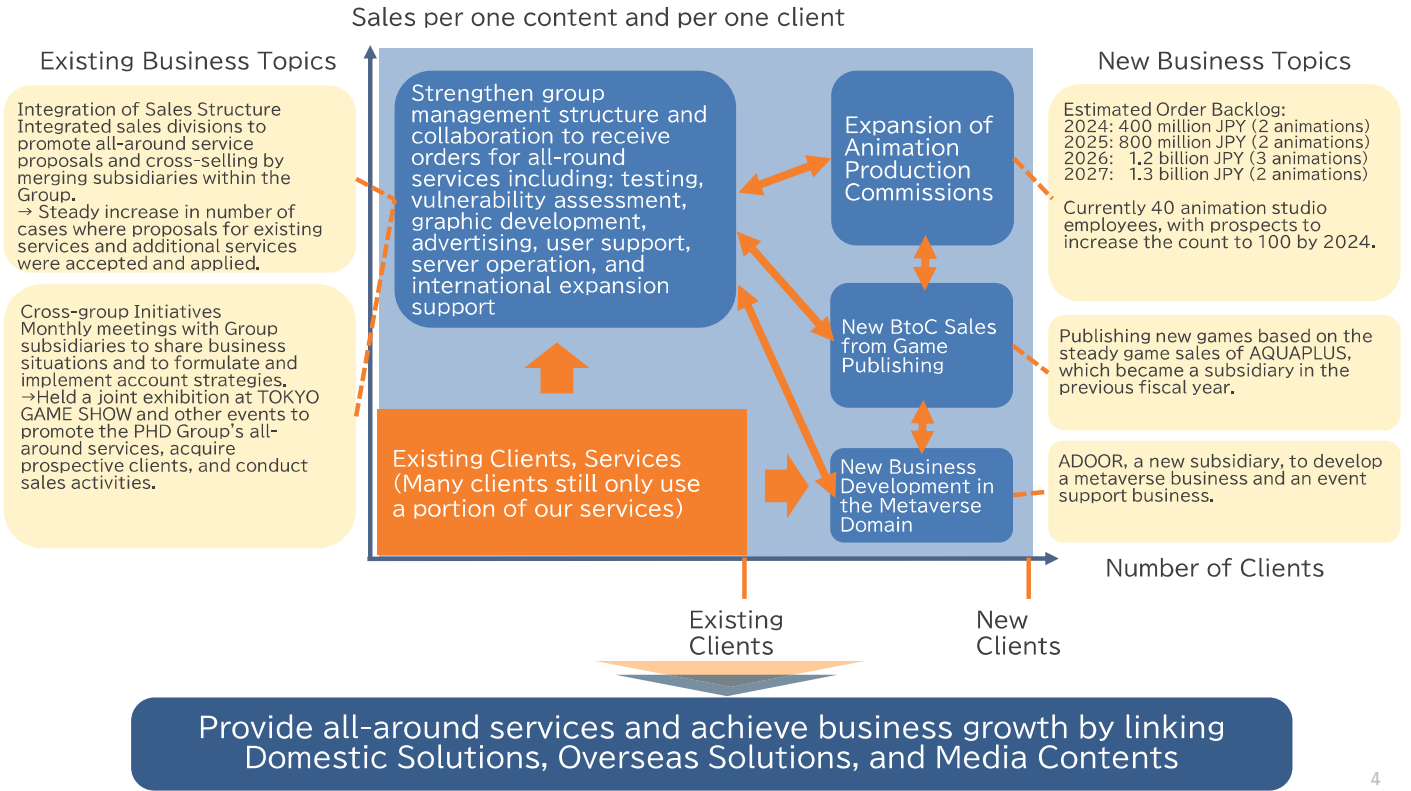
What Makes Us Exceptional

- Deep knowledge of the gaming industry; highly experienced with game testing
- Expanded to the EC, technology, overseas, media contents industry, achieved business expansion to become an all-round service



Growth Strategy

- Maximize sales per existing client and per content by providing all-around services
- Will aim to increase sales by taking advantage of new business opportunities to develop a new clientele while collaborating with existing businesses



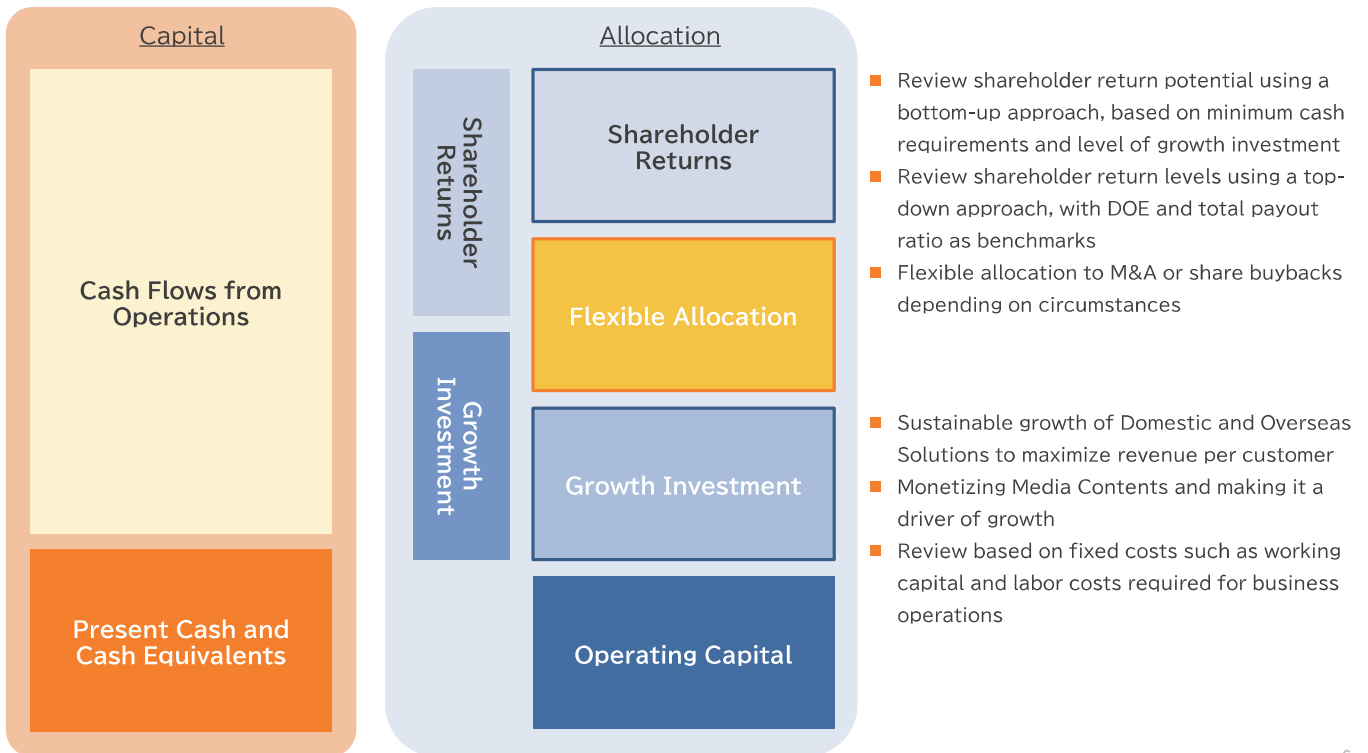
Current Understanding and Enhancement Measures / Reporting Schedule towards Improving the Corporate Value

- Company policies going forward:
 1. Establish a business and organizational structure that maximizes the Group's profits
 2. Balance growth investment and shareholder returns; develop and examine capital allocation
- As we take our shareholders' valuable feedback into consideration, we plan to provide detailed reports of our review and future plans by the end of the current fiscal year

Matters for Consideration	Current Issues	How to Improve
Establishing a Business and Organizational Structure That Maximizes the Group's Profits	<ul style="list-style-type: none"> • Management optimization is underway by creating lines of communication among our businesses • Expanding businesses through M&A and strengthening PMI • Further room for improvement in the decision-making process for investments in Media Contents and other businesses in the up-front investment phase, with the aim of maximizing future profits 	<ul style="list-style-type: none"> • Formulation of a lineup of services that meet all aspects of clients' needs • Organic growth achieved by strengthening linkage between each business • Consider and implement rules, reorganizing business portfolios in response to changes in the industry • Reexamination of investment withdrawal criteria in order to respond immediately to changes in the external environment
Formulation of Capital Allocation Policy	<ul style="list-style-type: none"> • There is room to optimize capital allocation policies to maximize corporate value and achieve the most appropriate capital structure for the following: <ol style="list-style-type: none"> 1. How to determine the current balance between shareholder returns and growth investment 2. How to determine the current level of shareholder returns 3. How to determine the current minimum cash requirement level 	<ul style="list-style-type: none"> • Committed to increasing corporate value without accumulating excess cash and cash equivalents through optimal allocation to growth investment and shareholder returns • Concentrate growth investments in opportunities where the return exceeds hurdle rates • Review optimal level of shareholder return by utilizing a bottom-up approach, which is based on the amount of invested capital, and a top-down approach, which is based on DOE and other metrics

Basic Stance of Capital Allocation Policy Planning

- Minimum level of cash and cash equivalents is reviewed and determined based on the calculation of working capital and fixed costs required for business operations
- Examine and formulate a capital allocation policy for distributable cash and cash flow from operations to ensure an optimal balance for growth investment and shareholder returns



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Forward-looking Statements

- The information on this website includes forward-looking statements. These forward-looking statements do not guarantee our future financial results, involve risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements.
- Risks and uncertainties include general and industry market conditions, and general domestic and international economic conditions such as interest rate and foreign exchange fluctuations.
- Pole To Win Holdings, Inc. bears no obligation to update and revise the forward-looking statements disclosed herein, even in the event of new information, future events and other material incidents arising.

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