



PTW

Pole To Win Holdings, Inc.

Supplementary Information to the Financial Results

for the Three Months Ended April 30, 2023

- Securities code: 3657
- Abbreviation: Pole HD

June 9, 2023



Summary for the Three Months Ended April 30, 2023

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- Recorded the highest ever quarterly net sales driven by Media Contents and Overseas Solutions.
- Newly consolidated AQUAPLUS Co., Ltd. contributed to the results from the first quarter of the current fiscal year.
- Continued from the previous year, the expenses related to active recruitment, expansion of studios, and improvement of working environment increased.

Net sales

¥10,948 M

(13.9% increase QoQ)

Operating profit

¥294 M

(58.0% decrease QoQ)

Ordinary profit

¥330 M

(61.5% decrease QoQ)

Profit attributable

to owners of parent

¥95 M

(74.9% decrease QoQ)

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1-1. Overview of Consolidated Financial Results for the Three Months Ended April 30, 2023 - Change YoY -

- Recorded the highest ever quarterly net sales driven by Media Contents and Overseas Solutions.
- Newly consolidated AQUAPLUS Co., Ltd. contributed to the results from the first quarter of the current fiscal year.
- Continued from the previous year, the expenses related to active recruitment, expansion of studios, and improvement of working environment increased.

Units: ¥ million (Amounts less than ¥1 million omitted)

	Current Year FY2024 1Q (Feb' 23-Apr' 23)		Previous Year FY2023 1Q (Feb' 22-Apr' 22)		Change YoY	
	Results	Margin	Results	Margin	Results	%
Net sales	10,948	-	9,610	-	+1,337	+13.9%
Operating profit	294	2.7%	702	7.3%	-407	-58.0%
Ordinary profit	330	3.0%	857	8.9%	-527	-61.5%
Profit attributable to owners of parent	95	0.9%	381	4.0%	-285	-74.9%
(Reference) EBITDA	541	4.9%	978	10.2%	-437	-44.7%

(Note) Percentages rounded down to one decimal place

1-2. Business Overviews for the Three Months Ended April 30, 2023 - Change YoY -

- **Domestic Solutions:** Despite the E-commerce expanding, sales remained flat due to a decrease in games business and expenses for office expansion increased.
- **Overseas Solutions:** Sales increased due to expansion of the localization business and effect of yen depreciation.
- **Media Contents:** Sales increased due to contribution from newly consolidated AQUAPLUS Co., Ltd. and dividend income from joint game development.

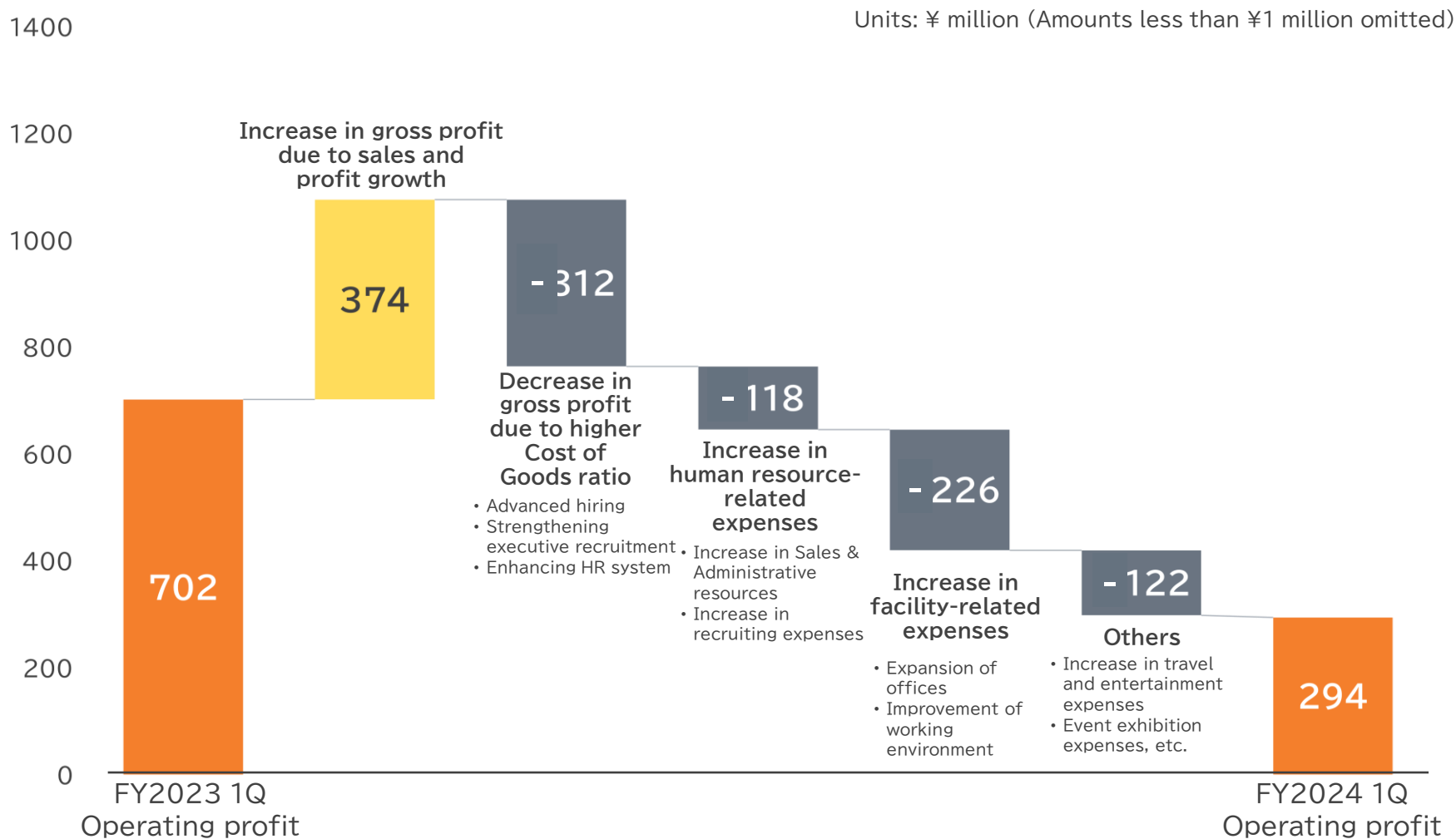
Units: ¥ million (Amounts less than ¥1 million omitted)

		Current Year FY2024 1Q (Feb' 23-Apr' 23)		Previous Year FY2023 1Q (Feb' 22-Apr' 22)		Change YoY	
		Results	Margin	Results	Margin	Results	%
Domestic Solutions	Net sales	External	6,316	6,396		-79	-1.2%
		Internal	17	20		-3	-16.5%
		Total	6,334	-	6,417	-	-83
	Operating profit	305	4.8%	973	15.2%	-668	-68.6%
Overseas Solutions	Net sales	External	3,045	2,575		+470	+18.3%
		Internal	304	386		-82	-21.4%
		Total	3,349	-	2,962	-	+387
	Operating profit	68	2.3%	-112	-4.4%	+181	-
Media Contents	Net sales	External	1,586	639		+947	+148.2%
		Internal	5	10		-5	-50.5%
		Total	1,591	-	649	-	+941
	Operating profit	12	0.8%	-145	-22.8%	+158	-

(Note) 1. Percentages rounded off to the nearest unit. 2. Operating profit and net sales by service category are for reference only, based on internal management figures. Other than these, there are company-wide expenses. 3. "External" in "Net Sales" refers to sales to external clients, and "Internal" refers to net sales and transfers between internal operations. Operating profit margins are calculated using the "External" net sales as the denominator.

1-3. Operating profit analysis for the Three Months Ended April 30, 2023 - Change YoY -

■ Increase ■ Decrease ■ Total



1-4. Consolidated Financial Position for the Three Months Ended April 30, 2023 - vs. FY2023 -

- Increase in non-current assets (buildings, structures, tools, furniture, fixtures, leasehold and guarantee deposits) due to the opening of centers.
- Decrease in cash and deposits due to expenses including dividend payment and acquisition cost of treasury shares.
- Increase in current liabilities due to an increase of deposits received (withholding tax on dividends)

Units: ¥ million (Amounts less than ¥1 million omitted)

	As of Apr. 30, 2023	As of Jan. 31, 2023	Change
Current assets	19,527	20,244	-716
(Cash and deposits)	(9,888)	(11,192)	(-1,303)
Property, plant and equipment	1,815	1,547	+268
Intangible assets	2,802	2,871	-69
Investments and other assets	3,252	2,795	+456
Non-current assets	7,870	7,215	+655
Total assets	27,397	27,459	-61
Current liabilities	9,307	8,664	+643
Non-current liabilities	1,063	1,102	-39
Total liabilities	10,370	9,766	+603
Total net assets	17,027	17,693	-665
(Treasury shares)	(-1,019)	(-703)	(-316)
Total liabilities and net assets	27,397	27,459	-61

2-1. Consolidated Forecasts for the Year Ending January 31, 2024

- Actively promoting growth investment to each business (strengthening the management base, M&A for business growth and expansion).
- Creating a cycle of business expansion by providing solutions in all directions and further strengthening cooperation of Domestic and Overseas solutions and Media Contents.

Units: ¥ million (Amounts less than ¥1 million omitted)

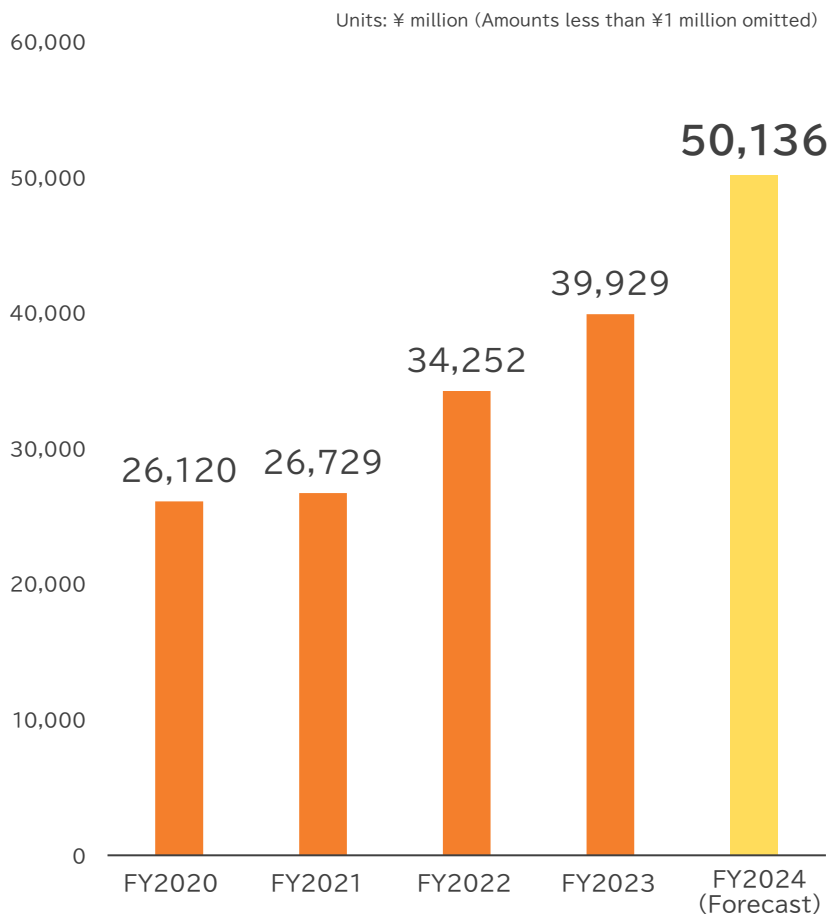
	FY2024 1Q Forecast	FY2023 1Q Result	YoY change	
			Amount	%
Net sales	50,136	39,929	+10,207	+25.6%
Operating profit	3,174	2,724	+450	+16.5%
Ordinary profit	3,177	2,689	+488	+18.2%
Profit attributable to owners of parent	1,952	795	+1,157	+145.6%
Net profit per share	¥52.72	¥21.18	+¥31.54	-
Cash dividends per share	¥16	¥15	+¥1	-

(Note) Percentages rounded down to one decimal place

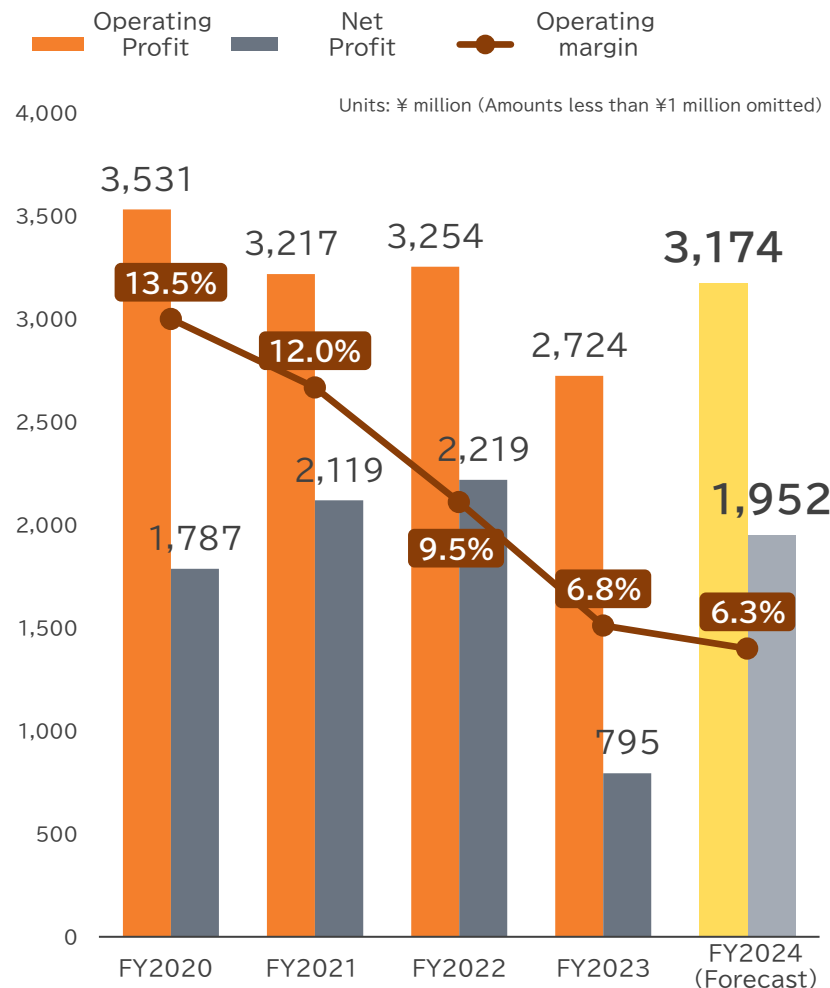
2-2. Consolidated Fiscal Performance and Plan



Sales



Operating Profit and Net Profit



(Note) 1. FY2024 estimates are forecasts disclosed on March 14, 2023. 2. Percentages rounded down to one decimal place.

2-3. Consolidated Forecasts for the Year Ending January 31, 2024 -Progress-

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- Although some operations fell short of the plan, orders are expected to increase and operation ratio to improve toward the second half of the fiscal year.
- At this point, we expect the performance to be in line with the target, and there are no changes to the consolidated earnings forecasts.

Units: ¥ million (Amounts less than ¥1 million omitted)

	Results For the Three Months Ended April 30, 2023	Six Months Ending July 31, 2023		FY2024	
		Forecast	Progress	Forecast	Progress
Net sales	10,948	24,067	45.5%	50,136	21.8%
Operating profit	294	1,338	22.0%	3,174	9.3%
Ordinary profit	330	1,340	24.6%	3,177	10.4%
Profit attributable to owners of parent	95	882	10.8%	1,952	4.9%

(Note) Percentages rounded down to one decimal place.

3-1. Growth Strategy of the Group

- Clarify the definition of the current business and design a feasible growth strategy with minimal risk by leveraging our strengths in order to achieve sustainable corporate value growth.
- Improve EPS and ROE while optimizing the balance between investment in growth and shareholder returns.

Growth Strategy

Clarify the definition of the Group company's business responsibility
(Share and understand strengths and assets within the Group)



Strategic design with maximum growth potential
(Strategies that use strengths to reduce risks)

Establishment of business and organizational structure

- One-stop service line formation
- Consolidation to maximize Group profits
- Portfolio reshaping appropriate to current conditions

Capital policy

- Optimal allocation to growth investments and shareholder returns
- Examining the potential for shareholder returns from the bottom up
- Top-down verification of shareholder return levels

3-2. Growth Strategy (Business model)



■ Service Life Cycle Solutions

- The Service Life Cycle (SLC), the five phases in all services from start to end.
- Provide outsourcing solutions to companies who do not have sufficient resources or knowledge in each process.

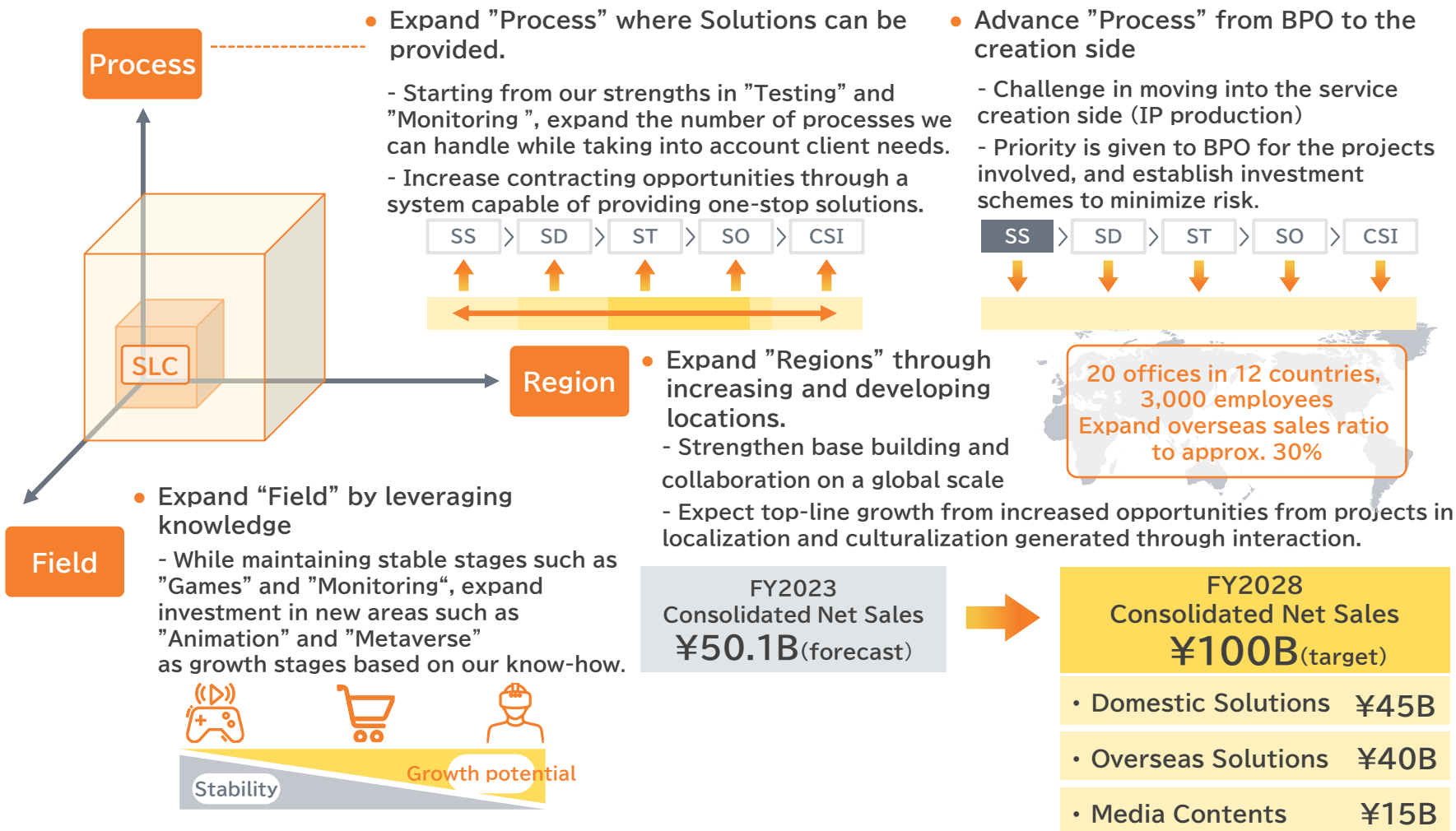
Service Life Cycle	Solutions provided by our Group	Companies that are primarily responsible	
<p>Strategy SS: Service Strategy</p>	<ul style="list-style-type: none"> • Game and animation production • System development 		<p>PTW International Holdings</p>
<p>Design SD: Service Design</p>	<ul style="list-style-type: none"> • Localization, Culturalization • Multilingual voice recording 	<p>PTW International Holdings</p>	
<p>Transition ST: Service Transition</p>	<ul style="list-style-type: none"> • Testing/Verification & Evaluation, System testing • Security Assessment 		<p>PTW International Holdings</p>
<p>Operation SO: Service Operations</p>	<ul style="list-style-type: none"> • Monitoring, Advertisement screening • Infrastructure Operations and Maintenance 		<p>PTW International Holdings</p>
<p>Continuous Service Improvement CSI: Continual Service Improvement</p>	<ul style="list-style-type: none"> • Customer support • Accessibility 		<p>PTW International Holdings</p>

3-3. Growth Strategy (Three-dimensional growth)



Three-dimensional growth

With "Service Life Cycle (SLC)" at the core of our business, we are committed to formulate and promote three-dimensional growth strategies in each of the three vectors that interact with each other: "Process," "Region," and "Field."



3-4. Establishment of business and organizational structure

- Establish business and organizational structures aiming to maximize group profits and promote the formation of service lines to realize Service Life Cycle solutions.



Current Issues

- Establishment of a group management system across multiple business units and strengthening of collaboration among group subsidiaries are in progress.
- Needs of strengthening discipline in the PMI (Process Management Integration) along business expansion through M&A.
- Room for further improvement in the investment decision-making process for businesses in the advanced investment phase, such as Media Contents, to maximize future returns.



Actions to address the issues

- Develop a service line that can be offered in all directions to meet client needs.
- Achieve organic growth by strengthening collaboration among businesses.
- Consider reconfiguring the business portfolio based on regulations in response to industry changes.
- Reexamine investment withdrawal criteria in order to be able to respond immediately to changes in the external environment.

3-5. Capital policy

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- Examine and formulate a policy for capital allocation that balances investment in growth and shareholder returns, including the establishment of business and organizational structures, and we plan to report specific verification results and plans by the end of this fiscal year.



Current Issues

- There is a room for optimization in the capital allocation policy with respect to the following three items.

Determine the balance between shareholder return and growth investment

Determine the level of shareholder return

Determine required minimum cash and deposit level



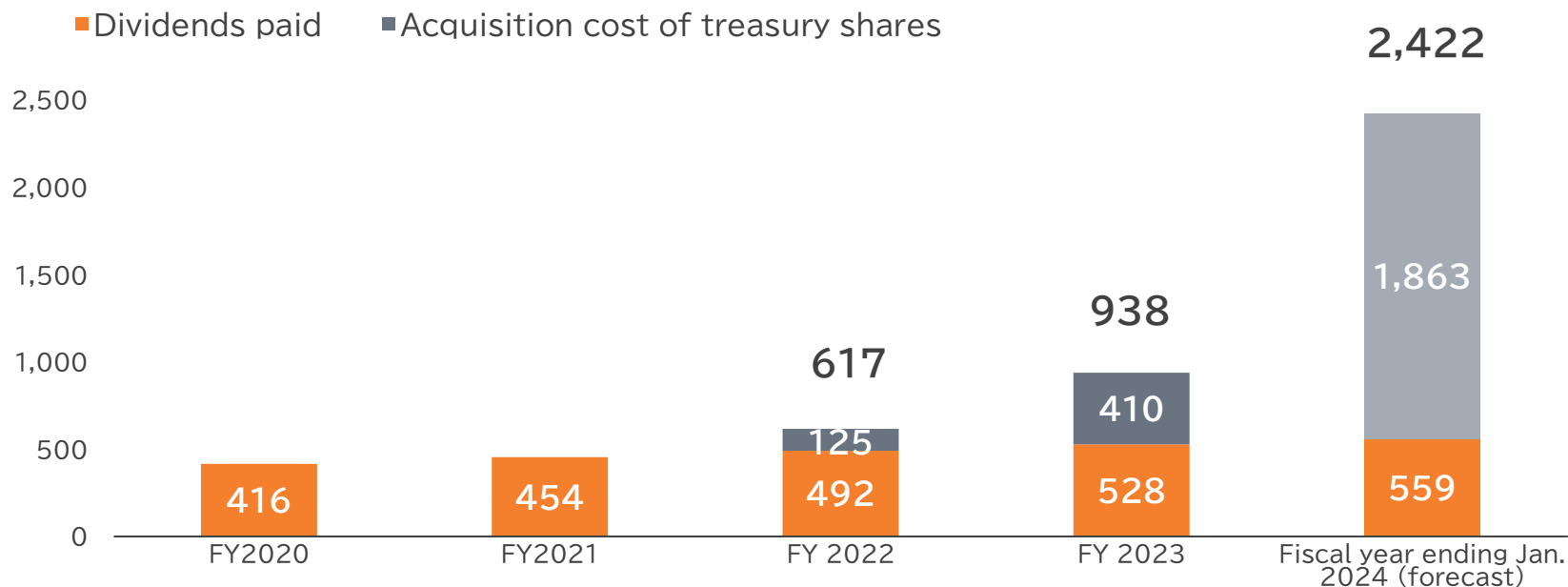
Actions to address the issues

- Committed to increasing corporate value by optimizing allocation to investment in growth and shareholder returns, without building up excess cash and deposits.
- Focus growth investments in investment opportunities where return on capitalism is above the target rate.
- Verify the optimal level of shareholder return by using the bottom-up method, which is based on the amount of invested capital, and the top-down method, which is based on DOE and other factors.

3-6. Shareholder return results

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(Based on the recording period) Units: ¥ million



Dividends paid	416	454	492	528	559
Amount of acquisition cost of treasury shares	-	-	125	410	1,863
Total	416	454	617	938	2,422
Total return ratio	23.3%	21.4%	27.8%	118.0%	124.1%
Dividend per share (yen)	12	13	14	15	16
Payout ratio	25.4%	23.2%	23.9%	70.8%	29.8%

(Note) 1. Planned figures for FY2024/1 are provided for reference only 2. Dividends per share and payout ratio are based on the resolution period

4-1. Corporate Profile

Company Name	Pole To Win Holdings, Inc.
Representatives	Tamiyoshi Tachibana, Chairman Teppei Tachibana, President & CEO
Head Office	Shinjuku NS Building, 2-4-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan
Date Established	February 2, 2009
Share capital	¥1,239.06 Million
Number of Group Employees	7,287 (Number of full-time employees: 2,998) *As of January 31, 2023
Stock Exchange /Securities Code	Tokyo Stock Exchange, Prime Market (Securities code: 3657 Abbreviation: Pole HD)
Business Description	<p>Control and management of the business activities of the Group as a whole, comprising the Company and its 41 consolidated subsidiaries, and operations incidental or related thereto.</p> <ul style="list-style-type: none"> ■ Major Group Businesses <ul style="list-style-type: none"> Service Life Cycle Solutions Business <ul style="list-style-type: none"> ● Domestic Solutions <ul style="list-style-type: none"> – E-Commerce: Monitoring and Customer support – Games: Testing, Customer support, Localization, Overseas expansion support – Technology: Third-party verification, Environment construction, Server monitoring, Data center operations and Kitting ● Overseas Solutions <ul style="list-style-type: none"> – Testing, Localization, Voice recording, Customer support, Product development support, and Art production ● Media Contents <ul style="list-style-type: none"> – Art production, Game publishing, Animation production, Marketing support, – Barrier-free subtitles and Audio guides production

(As of April 30, 2023)

4-2. Group Composition (41 Consolidated Subsidiaries)

Domestic Solutions

- **Pole To Win, Inc.**
 - MSD Holdings Inc.
 - MIRAI Service Design Co. Ltd
 - Ninjastars Inc.
- **PTW Japan Co., Ltd.**
 - Delfi Sound Co., Ltd.

Overseas Solutions

- **PTW International Holdings Limited**
 - PTW Shanghai Co., Ltd.
 - PTW America, Inc.
 - PTW International UK Limited
 - PTWI India Private Limited
 - PTW (Singapore) Pte. Ltd.
 - PTW Korea Co., Ltd.
 - SIDE UK Limited
 - PTW Romania SRL
 - PTW International (Malaysia) Sdn. Bhd.
 - SIDE LA, LLC
 - PTW Canada Solutions, Inc.
 - 1518 Studios, Inc.
 - OneXP LLC
 - OneXP UK Limited
 - 1518 Studios Rus LLC
 - SIDE France SAS
 - PTW New Zealand Limited
 - PTW Brazil LTDA
 - PTWI Mexico, S. de R.L. de C.V.
 - PTWI Poland LLC
 - PTW Ireland Limited
 - PTWI Spain SLU
 - PTW Portugal, Unipessoal Lda.
 - PTWI Australia Pty Ltd
 - PTWI Philippines, Inc.
 - POLE TO WIN VIET NAM JOINT STOCK COMPANY

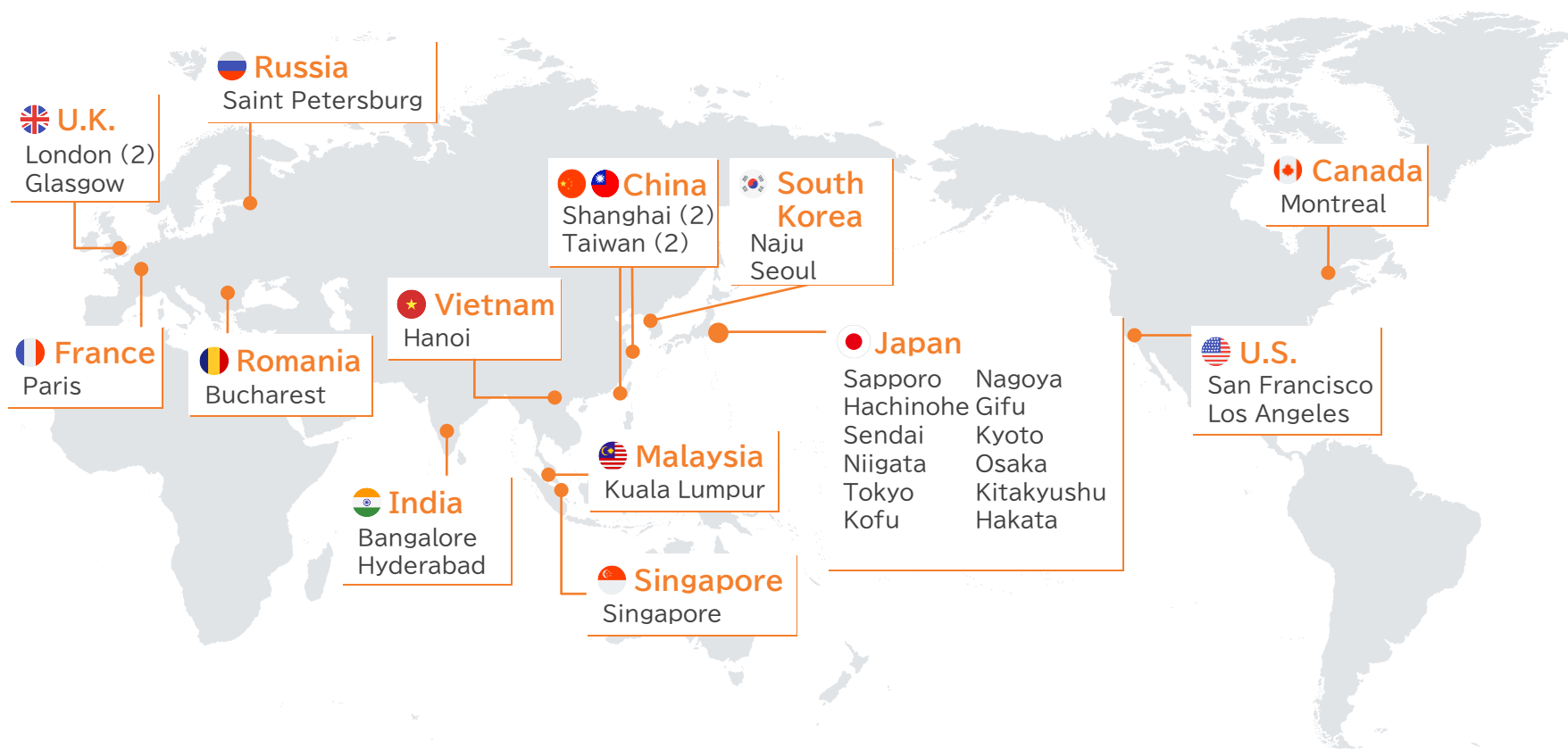
Media Contents

- **HIKE Inc.**
 - Panda Graphics TAIWAN INC.
 - Panda Graphics(Shanghai) Technology Co., Ltd.
 - CREST JOB Inc.
 - CREST company Inc.
 - AQUAPLUS CO., Ltd
 - FIXRECORDS Co., Ltd
- **Palabra Inc.**

4-3. Business Sites

Operating in

12 cities in Japan
20 sites in 12 overseas countries



(Excluding countries and locations not yet in operation as of April 30, 2023)

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.