PTW

Pole To Win Holdings, Inc.

Supplementary Information to the Financial Results

for the Nine Months Ended October 31, 2023

- Stock Code | 3657
- Abbreviation | Pole HD

December 12, 2023

Summary for the Nine Months Ended October 31, 2023

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Topics

Disclosed downward revision of financial forecast

Sales	Delay in monetization of new business in Overseas Solutions; Underperformance in the revenue-sharing plan for certain game development projects in the Media Contents
Profit	Excess budget for integration facility expenses due to rising prices and delay in monetization of new Overseas Solutions projects, and underperformance in revenue plans for some Media Content projects.

As profit measures that can be implemented in the current fiscal year, the Company reversed the provision for bonuses in the third quarter and postponed a portion of the execution of marketing expenses in the fourth quarter.

In the next fiscal year, the peak of integration and maintenance of bases has passed, and we plan to withdraw from unprofitable businesses and restore profitability in Media Contents

- Forecast of Cash Dividends per Share is 16 yen (+1 yen y/y), committed. Recognized as a temporary decrease in profit.
- Disclosure of planned share repurchase by the Company's representative director (up to ¥500 million).
- "Vibe Avenue Inc." (Canada), a game voice design company, became a subsidiary in October 2023.
- Resolution to make "SHiiTAKE DiGiTAL, Ltd.", a 3DCG animation production company, a subsidiary in November 2023.
- Agreement signed for the full recovery of losses related to misconduct by a former director of the subsidiary; reversal of bad debt allowance, amounting to ¥188 million.
- Submission of a corrective report for the internal control report related to the aforementioned misconduct; plans to rectify the deficiencies by the end of January 2024.
- Plans for the next fiscal year, capital policy, and business and organizational structure will be reported in the full-year financial results disclosure in March 2024.

Net Sales	Gross Profit	Operating Profit
¥34,260M 13.7% increase YoY	¥8,148M 2.0% decrease YoY	¥677M 66.4% decrease YoY

Our Business Field for Fiscal Year Ending January 31, 2024

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- Effective from the fiscal year ending January 31, 2023, the reportable segment changed to a single segment of "Service Life Cycle Solutions Business".
- Sales, operations, and business environment of main business are as follows.

Unit: ¥ millions (Amounts less than ¥1 million omitted)

	Service Life Cycle Solutions Business				
Business (Sales Breakdown)	Domestic Solutions (57.5%)			Overseas Solutions (29.2%)	Media Contents (13.4%)
FY2024 3Q Sales	19,690 3.2% increase YoY			9,994 9.4% increase YoY	4,575 139.1% increase YoY
Main Business	**Game** • Testing • Customer support • Localization • Support for Overseas Expansion	**E-Commerce** • Monitoring • Customer support	**Technology** • Third-party Verification • Environment Set Up • Server Monitoring • Data Center Operations • Kitting	• Testing • Localization • Voice Recording • Customer Support • Game Development • Art Production	• Art Production • Game Publishing • Animation Production/ Production Financing • PR Marketing Support • Barrier-free Subtitle • Audio Guide Production
Business Growth Prospects	Stable field Stable field	Steady growth field	Growth field	Steady growth field	Growth field
Expected CAGR	10%			20%	20%

(Note) 1. Percentage rounded down to one decimal place. 2. "Net sales" represents "Revenues from external clients".

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1-1. Overview of Consolidated Financial Results for the Nine Months Ended October 31, 2023 - Change YoY -

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- Record quarterly sales driven by Media Contents
- Cost of sales: Fixed costs (rent, labor costs), increased expenses for integration and maintenance of bases, rising prices and labor costs overseas, increased new business expenses, SG&A expenses: increased recruiting expenses and expenses for integration and maintenance of bases
- Provision for allowance for doubtful accounts (non-operating expenses) of ¥188 million posted in 2Q was reversed in 3Q, goodwill impairment loss (extraordinary loss) of ¥316 million and loss on valuation of investment securities (extraordinary loss) of ¥177 million were posted.

Unit: ¥ millions (Amounts less than ¥1 million omitted)

	Current Year FY2024 3Q (2023/2-2023/10)		Previous Year FY2023 3Q (2022/2-2022/10)		Change YoY	
	Actual	Margin	Actual	Margin	Actual	%
Net Sales	34,260	-	30,126	-	+4,133	+13.7%
Gross Profit	8,148	23.8%	8,317	27.6%	-169	-2.0%
Operating Profit	677	2.0%	2,016	6.7%	-1,339	-66.4%
Ordinary Profit	811	2.4%	2,399	8.0%	-1,587	-66.2%
Before taxes and other adjustments Quarterly Net profit	342	1.0%	1,720	5.7%	-1,378	-80.1%
Quarterly Net Profit attributable to parent company shareholders	-291	-0.8%	540	1.8%	-831	-%
Reference: EBITDA	1,457	4.3%	2,819	9.4%	-1,361	-48.3%

(Note) Percentages rounded down to one decimal place

1-2. Operating Profit Analysis for the Nine Months Ended October 31, 2023 - YoY -

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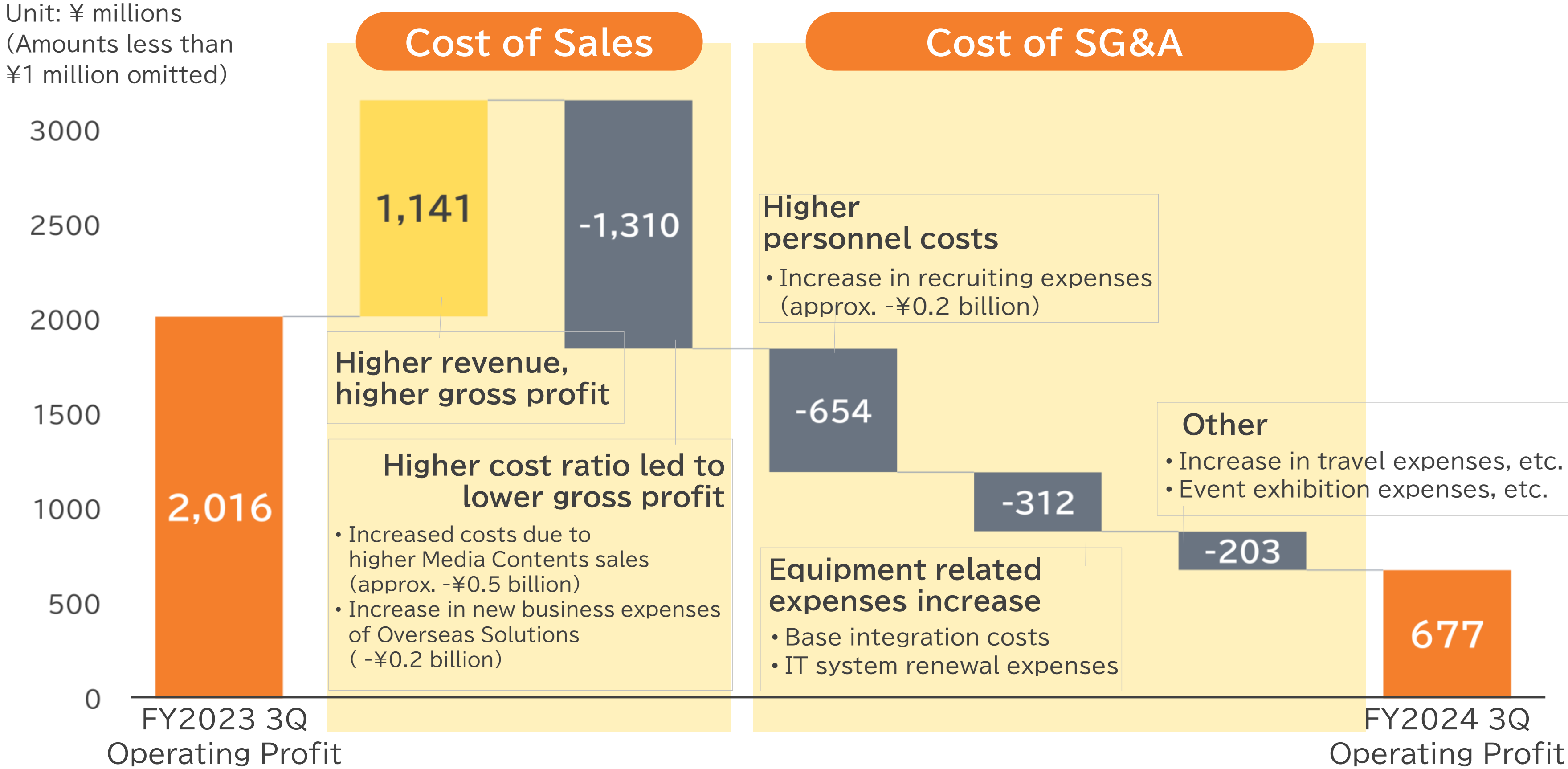
- Gross profit decreased due to cost of sales increased due to higher sales of Media Contents with relatively low profit margins, and higher new business expenses for Overseas Solutions.
- In selling and administrative expenses , operating profit decreased due to an increase of recruiting expenses(referall fees and recruiting fee for recruiting staff) and expenses for integration and maintenance of bases.



(Note) ”Increase in gross profit due to revenue growth” is the amount of increase in gross profit based on the assumption that sales increased at the gross profit margin (27.6%) in FY2023 3Q.

1-3 . Over view of Business Segment for the Nine months Ended October 31, 2023

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Domestic Solutions	Market	Recovery in console game development, prosperity in e-commerce and cashless payment, boom in DX promotion
	Current	Multiple orders for new game titles, increase in data annotation and cashless payment-related work, new orders for system development
	YoY Change	**Increased business in the e-commerce field and acquired new console game titles in the game field**
	Budget Variance	**Costs associated with integration and maintenance of bases due to rising prices, budget overrun in recruitment expenses due to proactive hiring**
	Challenges	Increase in fixed costs such as rent, hiring regular employees, etc., incurring of off-budget expenses,securing necessary human resources for growth areas (third-party verification, engineers)
Overseas Solutions	Market	Release delays despite the success of certain game titles, layoffs, M&A in game industry, and emergence of low-cost BPO in emerging countries
	Current	Slower sales, rising cost of living and labor costs, higher new business expenses, acquisition of Vibe Avenue Inc. (voice design company, Canada) as a subsidiary
	YoY Change	**With yen depreciation contributing to increased sales, costs rose due to rising cost of living, labor costs, and new business expenses**
	Budget Variance	**Sales not achieved due to industry recession and lack of sales force, delay in monetization of new businesses, and increase in expenses due to rising cost of living and higher labor costs**
	Challenges	Sluggish sales growth due to market environment, deteriorating profitability, and some new businesses becoming unprofitable
Media Contents	Market	The market for character content through the use of IP remained strong. Increased demand for production and production investment due to the global expansion of animation
	Current	Increase in animation production contracts and unit production cost, with AQUAPLUS and the stage business showing steady performance. SHiiTAKE DiGiTAL is scheduled for subsidiary acquisition
	YoY Change	**Sales increased and income decreased, with AQUAPLUS and Stage business contributing to new consolidation. Game development investment revenue sharing contributes to sales and profit**
	Budget Variance	**Certain projects in the game and merchandising business fell short of revenue projections and became unprofitable**
	Challenges	Cost advance in business expansion, unprofitability of some business projects, and lower-than-planned revenue from some game development revenue-sharing

1-4. Business Overviews by Segment for the Nine Months Ended October 31, 2023 - Change YoY

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- Domestic Solutions: Despite sales expansion in the e-commerce field, income decreased due to an increase in recruiting, personnel, and base facility integration expenses.
- Overseas Solutions: The yen's depreciation also contributed to increased sales, costs rose due to cost of living, higher personnel costs, and new business-related expenses resulted in decreased profit.
- Media Contents: AQUAPLUS, and revenue-sharing from investment in game development contributes to sales and profit.

Unit: ¥ millions (Amounts less than ¥1 million omitted)

			Current Year FY2024 3Q (2023/2-2023/10)		Previous Year FY2023 3Q (2022/2-2022/10)		Change YoY	
			Actual	Margin	Actual	Margin	Actual	%
Domestic Solutions	Net Sales	Ext.	19,690		19,079		+610	+3.2%
		Int.	91		68		+22	+33.5%
		Total	19,781		19,148		+633	+3.3%
	Operating Profit		938	4.8%	2,091	11.0%	-1,152	-55.1%
Overseas Solutions	Net Sales	Ext.	9,994		9,133		+860	+9.4%
		Int.	1,195		1,316		-120	-9.2%
		Total	11,190		10,450		+740	+7.1%
	Operating Profit		350	3.5%	499	5.5%	-149	-29.9%
Media Contents	Net Sales	Ext.	4,575		1,913		+2,662	+139.1%
		Int.	25		35		-10	-29.0%
		Total	4,600		1,948		+2,651	+136.1%
	Operating Profit		-349	-7.6%	-465	-24.3%	+115	-

(Note) 1. Percentage rounded down to one decimal place. 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. "Ext. (External)" in "Net Sales" refers to sales to external clients, and "Int.(Internal)" refers to net sales and transfers between internal operations. Operating profit margins are calculated using the "External" net sales as the denominator.

1-5. Overview of Consolidated Financial Results for the Fiscal Year Ending January 31, 2024

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Unit: ¥ millions (Amounts less than ¥1 million omitted)

		FY' 23 1Q	FY' 23 2Q	FY' 23 3Q	FY' 23 4Q	FY' 24 1Q	FY' 24 2Q (A)	FY' 24 3Q (B)	Change from 2Q (B)-(A)
Net Sales		9,610	10,050	10,465	9,802	10,948	11,391	11,919	+527
Operating Profit		702	648	665	707	294	197	185	-11
Operating Margin		7.3%	6.5%	6.4%	7.2%	2.7%	1.7%	1.6%	-0.1% Pt
Domestic Solutions	Net Sales	6,396	6,254	6,428	6,480	6,316	6,422	6,950	+527
	Operating Profit	973	698	419	397	305	392	241	-151
	Operating Margin	15.2%	11.2%	6.5%	6.1%	4.8%	6.1%	3.5%	-2.6% Pt
	(B)-(A)	Increased sales in the game field, costs of ¥124 million for integration and maintenance of bases, and costs of ¥129 million for IT system renewal.							
Overseas Solutions	Net Sales	2,575	3,127	3,430	2,579	3,045	3,304	3,644	+340
	Operating Profit	-112	166	445	489	68	-134	415	+550
	Operating Margin	-4.4%	5.3%	13.0%	19.0%	2.3%	-4.1%	11.4%	+15.5% Pt
	(B)-(A)	Significant increase of profit due to sales increase partly from contribution of the yen's depreciation and reversal of provision for bonuses of ¥200 million							
Media Contents	Net Sales	639	667	606	742	1,586	1,664	1,324	-340
	Operating Profit	-145	-155	-164	-202	12	42	-404	-447
	Operating Margin	-22.8%	-23.3%	-27.1%	-27.3%	0.8%	2.6%	-30.6%	-
	(B)-(A)	Decrease in sales due to fewer events, and decrease in profit due to decrease in revenue sharing of highly profitable game development investments							

(Note) 1. Percentage rounded down to one decimal place. 2. Net sales is calculated using revenues from external customers as the denominator. Operating margin is calculated using "external" sales as the denominator.

1-6. Domestic Solutions Performance Overview for the Nine Months Ended October 31, 2023

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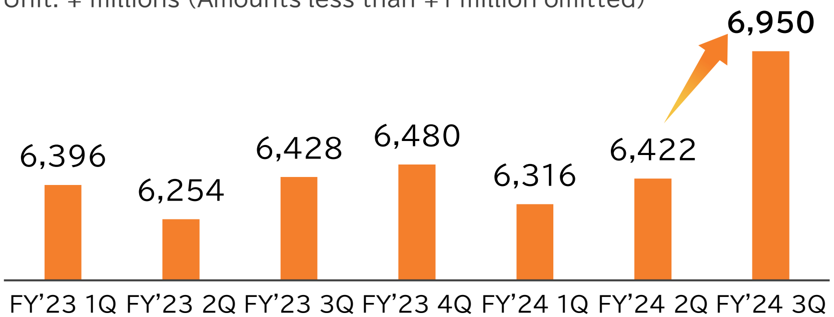
- Expansion of data annotation (tagging) and merchant screening for cashless payment in the e-commerce field. Sales in the game field increased significantly from 2Q to 3Q.
- Despite the promotion of regular, in-house employment and improvement of the working environment (integration of bases) to retain human resources,
  expenses for integration of bases due to rising cost of living and recruiting expenses due to proactive hiring exceeded the budget.

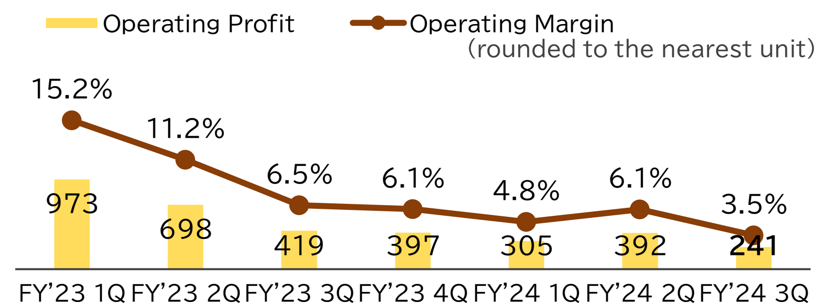
Net Sales

Unit: ¥ millions (Amounts less than ¥1 million omitted)



Operating Profit

Unit: ¥ millions (Amounts less than ¥1 million omitted)



Unit: ¥ millions (Amounts less than ¥1 million omitted)

	FY' 23 1Q	FY' 23 2Q	FY' 23 3Q	FY' 23 4Q	FY' 24 1Q	FY' 24 2Q	FY' 24 3Q
One-time base integration costs	-	31	75	64	246	33	124

	FY' 23 1Q	FY' 23 2Q	FY' 23 3Q	FY' 23 4Q	FY' 24 1Q	FY' 24 2Q	FY' 24 3Q
Regular employee	907	**916**	**1,233**	1,235	1,314	1,344	1,374
Part-time employee	2,836	**2,944**	**2,768**	2,901	2,978	**3,004**	**3,577**
Total (persons)	3,743	3,860	4,001	4,136	4,292	4,348	4,951

Proactive regular employment

Proactive shift to in-house employment

(Note) 1. Percentage rounded down to one decimal place. 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. Net sales is calculated using revenues from external customers as the denominator. Operating margin is calculated using "external" sales as the denominator.

1-7. Overseas Solutions Performance Overview for the Nine Months Ended October 31, 2023

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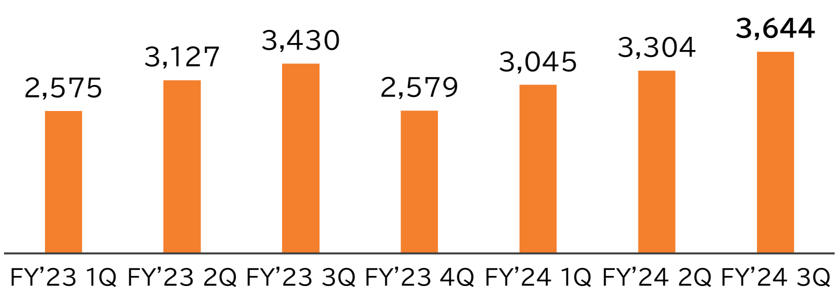
- Sales growth was sluggish due to the impact of the game market environment, but sales increased 9.4% YoY due to the effect of the yen's depreciation. New product businesses (social media management, games, etc.) were slow to generate revenue, resulting in almost no sales.
- Operating profit decreased due to rising cost of living, increased labor costs, and increased expenses for new businesses. ¥200 million of provision for bonuses was reversed in 3Q due to underachievement of business results.

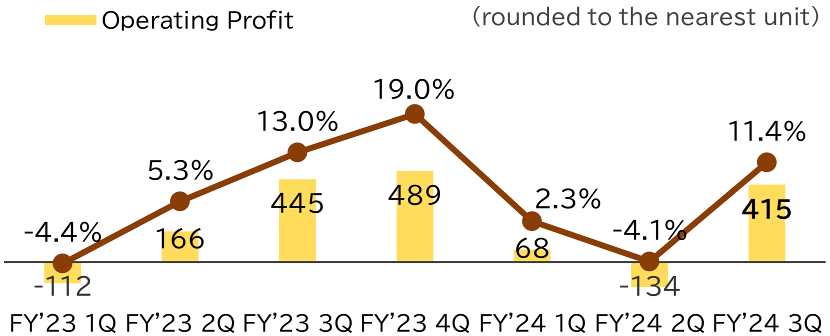
Net Sales

Unit: ¥ millions (Amounts less than ¥1 million omitted)



Operating Profit

Unit: ¥ millions (Amounts less than ¥1 million omitted)



Unit: ¥ millions (Amounts less than ¥1 million omitted)

	FY' 23 1Q	FY' 23 2Q	FY' 23 3Q	FY' 23 4Q	FY' 24 1Q	FY' 24 2Q	FY' 24 3Q
New business expenses	145	142	138	149	173	224	236

	FY' 23 1Q	FY' 23 2Q	FY' 23 3Q	FY' 23 4Q	FY' 24 1Q	FY' 24 2Q	FY' 24 3Q
Regular employee	1,545	1,485	1,469	1,524	1,751	1,721	1,751
Part-time employee	1,099	1,394	1,386	1,267	960	1,161	1,047
Total (persons)	2,644	2,879	2,855	2,791	2,711	2,882	2,798

(Note) 1. Percentage rounded down to one decimal place. 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. Net sales is calculated using revenues from external customers as the denominator. Operating margin is calculated using "external" sales as the denominator.

1-8． Media Contents Business Results for the Nine Months Ended October 31, 2023

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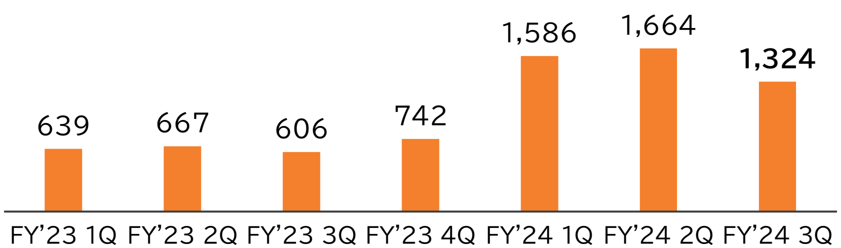
- Newly consolidated AQUAPLUS, which became a subsidiary in December 2022, contributed to sales 2.4 times that of the same period of the previous year. 2Q to 3Q, revenue sharing of highly profitable game development investments declined, and earnings from some projects in the game and MD (merchandising businesses) fell short of the revenue plan.
- Acquisition of animators, and expansion of production scale through acquisition (planned)of animation production studio "SHiiTAKE DiGiTAL".
- The Company expects to receive orders for animation production of ¥400 million in 2024, ¥800 million in 2025, ¥1.2 billion in 2026, and ¥1.3 billion in 2027. Studio organization to be expanded from the current 70 to 100 by 2024 and 200 by 2026. Aiming for revenue sharing in animation production investment by leveraging the strength of the master contractor studio.

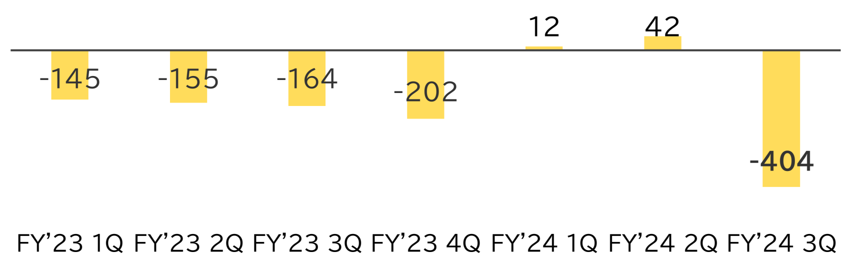
Net Sales

Unit: ¥ millions (Amounts less than ¥1 million omitted)



Operating Profit

Unit: ¥ millions (Amounts less than ¥1 million omitted)



	FY' 23 1Q	FY' 23 2Q	FY' 23 3Q	FY' 23 4Q	FY' 24 1Q	FY' 24 2Q	FY' 24 3Q
Regular employee	161	157	170	231	256	274	275
Part-time employee	98	104	105	116	117	105	107
Total (persons)	259	261	275	347	373	379	382

(Note) 1. Percentage rounded down to one decimal place. 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. Net sales is calculated using revenues from external customers as the denominator. Operating margin is calculated using "external" sales as the denominator.

1-9. Consolidated Financial Position for the Nine Months Ended October 31, 2023 - vs. FY2023 -

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- Increase in non-current assets due to opening of centers.
- Decrease in cash and deposits due to dividend payment, purchase of treasury shares, etc.
- Current liabilities increased due to a ¥500 million increase in short-term borrowing. Equity ratio 59.9%.

Unit: ¥ millions (Amounts less than ¥1 million omitted)

	As of Oct. 31, 2023	As of Jan. 31, 2023	Results
Current assets	17,818	20,244	-2,425
(of which, cash and deposits)	(7,708)	(11,192)	(-3,484)
Tangible assets	2,298	1,547	+750
Intangible assets	2,723	2,871	-148
Investments and other assets	3,038	2,795	+242
Non-current assets	8,060	7,215	+845
Total assets	**25,879**	**27,459**	**-1,580**
Current liabilities	9,330	8,664	+666
Non-current liabilities	1,049	1,102	-52
Total liabilities	**10,380**	**9,766**	**+613**
Total net assets	**15,499**	**17,693**	**-2,194**
(of which, treasury shares)	(-2,552)	(-703)	(-1,849)
Total liabilities and net assets	**25,879**	**27,459**	**-1,580**

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

PTW

- Revised full-year forecast based on 3Q results and future forecast. Dividends forecast unchanged at +¥1.

Sales Delay in monetization of new business in Overseas Solutions.
Monetization plan for revenue sharing of some game development investments in Media Contents underperformed

Profit Revised forecast due to rising cost of living in the Domestic Solutions business, which led to higher-than-budgeted expenses for integration ofbases, delays in monetizing the new business in the Overseas Solutions business, and lower-than-expected revenue plan from some Media Contents projects.

- Reversal of the provision for bonuses and partial postponement of marketing expense execution as profit measures that can be implemented in the current period.

Unit: ¥ millions (Amounts less than ¥1 million omitted)

	FY2024 Forecast		Revised ratio		FY2023 Result	YoY Change	
	After revision	Before revision	Amount	%		Amount	%
Net Sales	46,217	47,113	-895	-1.9	39,929	+6,288	+15.7%
Operating Profit	644	1,744	-1,100	-63.1%	2,724	-2,080	-76.4%
Ordinary Profit	788	1,776	-987	-55.6%	2,689	-1,900	-70.7%
Profit attributable to owners of parent	-514	440	-954	-217.0%	795	-1,309	164.8%
Net profit per share (yen)	-14.28	12.20	-26.48	-	21.18	-35.46	-
Cash dividends per share (yen)	16	16	-	-	15	+1	-

(Note) Percentages rounded down to one decimal place

2-2. Consolidated Forecasts for the Fiscal Year Ending January 31, 2024 - Forecasts for 4Q -

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Unit: ¥ millions (Amounts less than ¥1 million omitted)

		1Q Actual	2Q Actual	3Q Actual	4Q Forecasts	FY2024 Forecasts
Net Sales		10,948	11,391	11,919	11,957	46,217
Operating Profit		294	197	185	-33	644
Ordinary Profit		330	92	389	-23	788
Profit attributable to owners of parent		95	-450	63	-223	-514
Domestic Solutions	Net Sales	6,316	6,422	6,950	→	
	Operating Profit	305	392	241	↗	
	4Q Forecast	Operations have stabilized and sales are flat. Operating profit is expected to increase as base integration and maintenance costs decrease				
	FY2025 Forecast	The integration and maintenance of bases will continue until FY2026 with a gradual decline. Increase sales due to various investment results				
Overseas Solutions	Net Sales	3,045	3,304	3,644	↘	
	Operating Profit	68	-134	415	↘	
	4Q Forecast	Sales decreased due to decreasing operating capacity and sales from new business cannot be expected. Operating profit is expected to decrease due to the reversal of provision for bonuses				
	FY2025 Forecast	Improve profitability by withdrawing from unprofitable businesses and bases				
Media Contents	Net Sales	1,586	1,664	1,324	↗	
	Operating Profit	12	42	-404	↗	
	4Q Forecasts	Sales and profits will increase due to animation delivery. AQUAPLUS game sales expected to increase				
	FY2025 Forecast	Withdraw from unprofitable businesses, review business structure and improve profitability, and plan to be profitable for the full year				

2-3. Consolidated Forecasts for the Fiscal Year Ending January 31, 2024 - Forecast for FY2025 -

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- **In the fiscal year ending January 31, 2025, the peak of base integration and development is expected to have passed, and we plan to withdraw from unprofitable businesses and return to profitability in media contents, resulting in a recovery in business performance and increases in sales and profits.**

Domestic Solution	Challenges	Increase in fixed costs such as rent, hiring regular employees, etc., incurring off-budget expenses, securing human resources needed for growth fields
	Actions	Price pass-through to clients, controlling base costs by promoting remote work, strengthening the human resource recruitment system, and improving budget accuracy and control
	Forecast for FY2025	• Expenses for base maintenance will be peaked in FY2024 and are expected to decrease in the future. Accelerate the hiring of human resources and expand sales in the third-party verification field • Through the effect of base integration, offer a package of multiple services including testing, customer support, and third-party verification to promote value-added and price increases. • Creation of new business through promotion of various DX and AI and improve operational efficiency
Overseas Solutions	Challenges	Sluggish sales growth due to market environment, deteriorating profitability, and some new businesses becoming unprofitable
	Actions	Strengthen sales structure, withdraw from unprofitable bases, select and focus on new businesses
	Forecast for FY2025	• Building relationships with clients and expect to deal with large clients and receive orders for new game titles. • Close unprofitable bases and shift to remote work. New projects will be operated at highly profitable bases and promote the use of AI in operations. • Develop businesses other than existing BPO while selecting and focusing on new businesses with the potential to generate revenue.
Media Contents	Challenges	Cost of business expansion ahead of plan, some projects in game and MD business unprofitable due to lower than planned earnings and investments in certain game development. Revenue sharing lower than planned earnings
	Actions	Reorganization and withdrawal from unprofitable businesses, reviewing the number of employees, their assignments and business management systems, and focusing on new businesses and profitable businesses.
	Forecast for FY2025	• Plans to return to profitability by increasing animation production orders, expanding stage business, and improving game and MD business • New businesses are expected to become profitable within the fiscal year, while BtoB business aims to expand sales in the PR marketing area by strengthening the sales structure.

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3-1. Characteristics of Our Business

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- Have solutions for client's Service Life Cycle and provide from all phases.
- In Media Contents, the Group has achieved a cycle of business expansion linked to domestic and overseas solutions through IP production, including contracted animation production and game publishing.

Production	Tuning	Testing	Monitoring	Support	Localization	Promotion
• Game • Animation • Music • Theater • Website • System development	• Difficulty level adjustment	• Quality verification • System test • Security diagnostics • User test	• Monitoring/Advertising Screening • Infrastructure operations • Server Monitoring	• Operational support • Customer support • Accessibility	• Translation • Multilingual voice recording • Localization QA	• Sales promotion/ Web site • Music video • Events • Merchandise production

Domestic Solutions

MIRAIt Service Design

Pole To Win

Ninjastars

Overseas Solutions

PTW International Holdings

Media Contents

HIKE

AQUAPLUS

Palabra

HIKE

3-2. Strengths of Our Business

PTW

- Accumulated deep knowledge in the game industry due to a track record mainly in testing.
- Expansion into e-commerce, Tech, overseas, and media content industries to achieve business expansion into all-round services.

IP Producing Capability

Based on our experience and knowledge in the game industry, we produce a wide range of IPs, including game, animation, theater, and MD adaptations, and monetize the IPs to the maximum extent possible.

Testing/Verification & Evaluation Leading Company

Involved in more than 6,000 video game titles and 10,000 mobile titles as the first quality assurance specialist in Japan.

Game Testing as a starting point to

All-round service Business Expansion

Service lines which support all along the value chain

Expand service lineup to include art production, marketing, and voice recording, besides utilizing M&A.

Track Record in Internet Support

Accumulated knowledge of anti-fraud measures through a track record of more than 20 years of experience in monitoring and screening major online services.

Deep knowledge of the gaming industry

Utilizing strong business relationships with the game industry, we offer services such as game co-development and tuning.

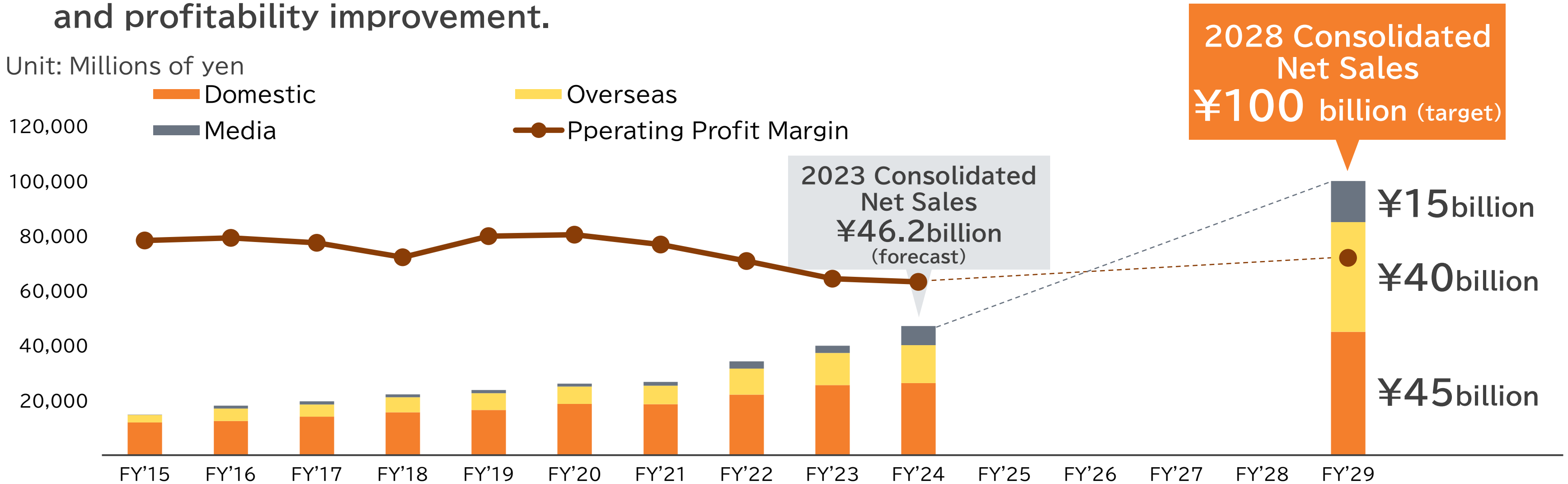
Overseas Expansion

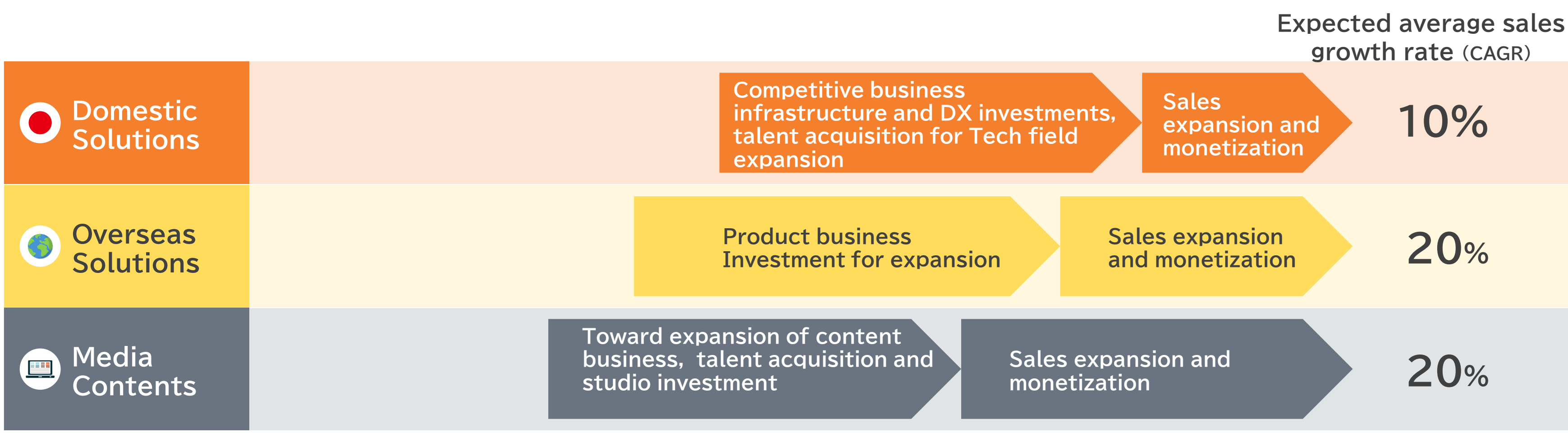
Steadily expanding business regions organically and through M&A, reaching to 3,000 employees at 21 sites in 14 overseas countries, with overseas sales accounting for approximately 30% of total sales.

3-3. Business Expansion of the Group

PTW

- Proactive investment in business growth (strengthening of business base, DX, new businesses, M&A) in each business through FY2026
  will cause a temporary decline in operating profit margin.
- Aim for sales of ¥100 billion and operating margin of 10% through continous sales expansion and profitability improvement.





3-4. Utilize of M&A

PTW

- Actively utilize M&A to achieve steady growth in core businesses and expand new businesses.
- Continue to promote M&A that expand the Group's "Process," "Region," and "Field".

Business Classification	Major M&A to Date				
Domestic Solutions	POLE TO WIN Networks July 2012	IMA*d September 2012	ITUS March 2018	MIRAIt ServiceDesign July 2021	Ninjastars January 2022
Overseas Solutions	e4 October 2012	SIDE August 2015	entalize March 2016	ALTERED December 2019	1518 STUDIOS January 2021
				delfi SOUND August 2021	VIBE AVENUE October 2023
Media Contents	猿楽庁 March 2010	QBIST January 2015	CREST JOB March 2019	CREST November 2019	colorful October 2020
			PANDA GRAPHICS August 2021	SANETTY produce November 2022	AQUAPLUS December 2022

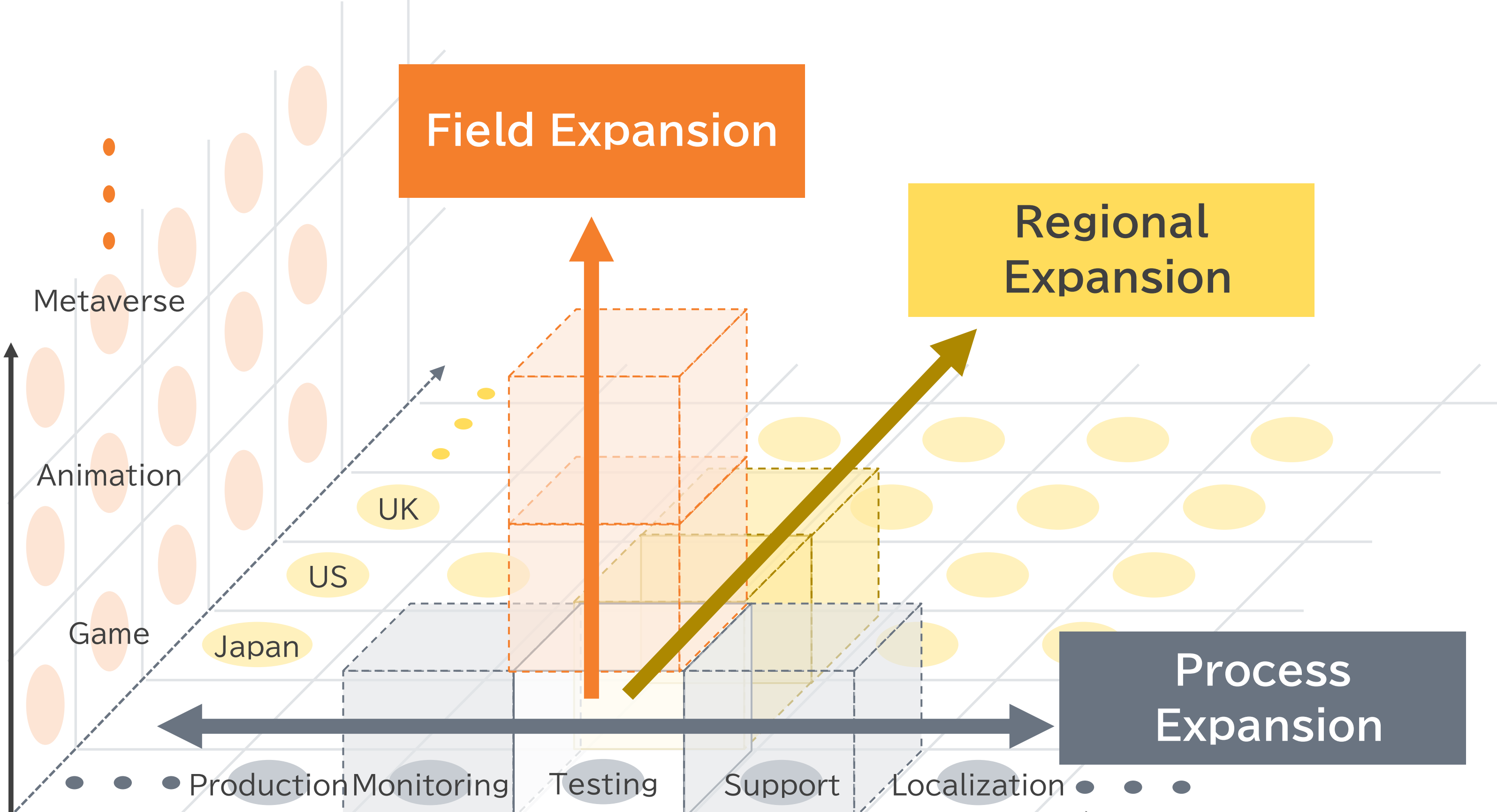
(Note) 1. [solid box] shows goodwill amortized over the period of the plan 2. [dotted box] shows goodwill amortized due to impairment loss
3. Companies without box are in the process of amortizing goodwill

3-5. Growth Strategy (1)

PTW

Growth effects interacting in three vectors

– 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. This is defined as ”Three-dimensional growth”.



(Note) For details on ”Service Life Cycle” and ”Service Life Cycle Solutions,” please refer to ”4. Reference: Corporate Profile/Business Description”.

3-5. Growth Strategy (2)

PTW

Process

Expand "Process" where solutions can be provided

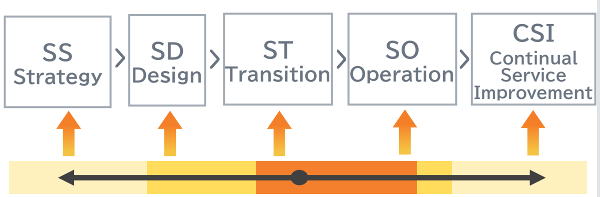
Challenges from the outsourcing side to the creative side

Starting from our strengths in "Testing" and "Monitoring ", expand the number of processes we can handle while taking into account client needs.

Increase outsourcing opportunities through a system capable of providing one-stop solutions.

Furthermore, challenge the SS domain (IP creation) as a media content business.

Investment in a risk-reducing structure that allows BPO to be outsourced on a priority basis.



Region

Expand "Regions" through increasing locations and scaling them

Strengthen base building and collaboration on a global scale.

Expect top-line growth from increased opportunities to win projects in localization and culturalization that occur in each region mutually.

21 sites in 14 countries, 3,000 employees

Expand overseas sales ratio to approx. 30%

Field

Expand "Field" by leveraging knowledge

While maintaining stable stages such as "Games" and "Monitoring", expand investment in new fields such as "Animation" and "Metaverse" as growth stages based on our know-how.

(Note) For details on "Service Life Cycle" and "Service Life Cycle Solutions," please refer to "4. Reference: Corporate Profile/Business Description".

3-6. Establishment of Business and Organizational Structure

PTW

■ **Establish business and organizational structures with an eye to maximizing group profits and promote the formation of Process, Region and Field to realize Service Life Cycle solutions.**

Current Issues

- Establishment of a group management system with a cross-functional paradigm and strengthening of collaboration among group subsidiaries are in progress.
- Business expansion through M&A and needs to strengthen discipline in the PMI (Process Management Integration).
- Room for further improvement in the investment decision-making process for businesses in the start-up phase, such as Media Contents, to maximize future returns.

Actions to address the issues

- To meet client needs, develop a service line that can be offered in all phases.
- Achieve organic growth by enhancing collaboration among business units.
- Consider reconfiguring the business portfolio based on discipline in response to industry changes.
- Reexamine the investment withdrawal criteria to be able to respond to changes in the external environment in timely manner.

3-7. Capital Policy

PTW

- 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 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 the level of required minimum cash and deposits

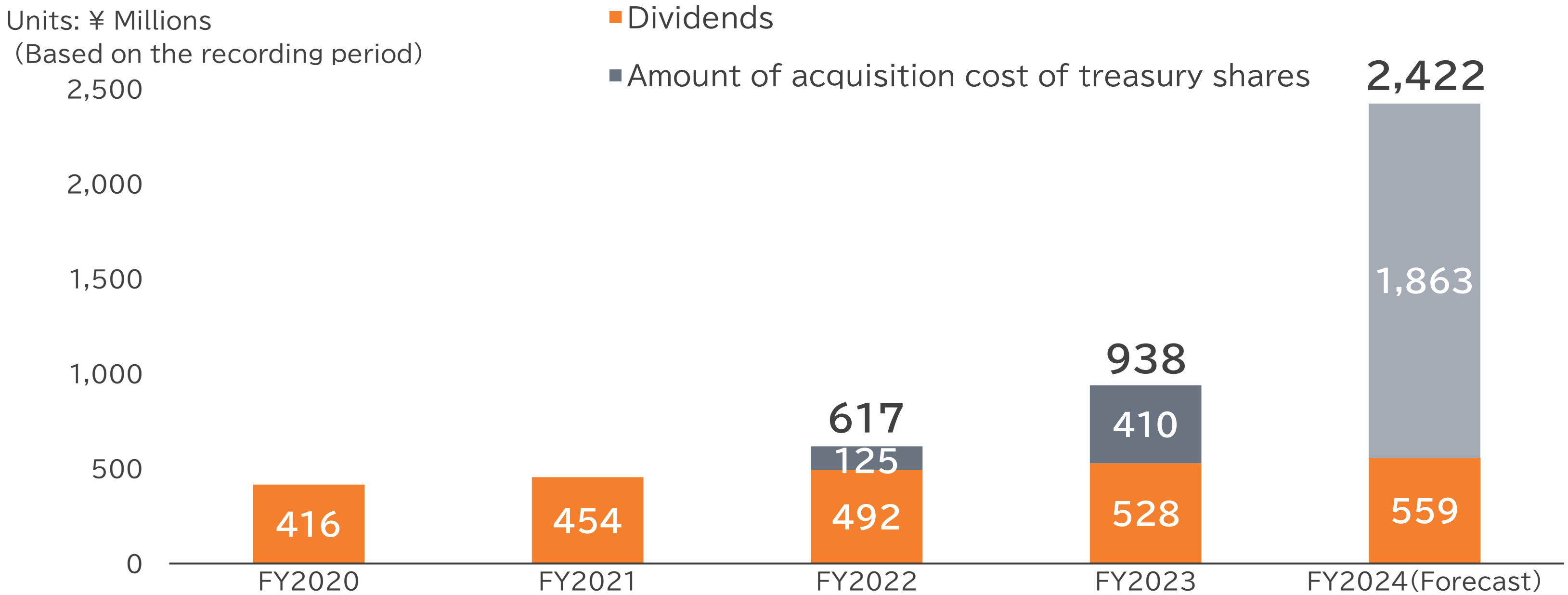
Actions to address the issues

- Committed to increasing corporate value by optimizing allocation to investment in growth and shareholder returns, without building up excess cash and deposits.
- Concentrate growth investments into investment opportunities where return on capital exceeds hurdle 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.

3-8. Shareholder Return Results

PTW

- We position shareholder returns as an important management issue, while securing sufficient funds necessary for future growth.
- Currently targeting a payout ratio of 25%, but examining the optimal level of shareholder returns.



	FY2020	FY2021	FY2022	FY2023	FY2024(Forecast)
Dividends Paid	416	454	492	528	559
Shares Repurchase Amount	-	-	125	410	1,863
Total	416	454	617	938	2,422
Total Return Ratio	23.3%	21.4%	27.8%	118.0%	-
Dividend per Share(yen)	12	13	14	15	16
Payout Ratio	25.4%	23.2%	23.9%	70.8%	-

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

PTW

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4-1. Corporate Profile

PTW

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 regular 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	The control and management of the business activities of the Group as a whole, comprising the Company and its 47 consolidated subsidiaries, and operations incidental or related thereto. ■ **Major Group Businesses** Service Life Cycle Solutions Business Domestic Solutions – 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 – Testing, Localization, Voice recording, Customer support, Product development support, and Art production Media Contents – Art production, Game publishing, Animation production, Marketing support – Barrier-free subtitles and Audio guides production

(As of October 31, 2023)

4-2. Group Organization (47 Consolidated Subsidiaries)

PTW

Domestic Solutions

- **Pole To Win, Inc.**
  - MSD Holdings Inc.
  - MIRAIt Service Design co.ltd
  - Ninjastars Inc.
- **PTW Japan Co., Ltd.**
- **ADOOR Inc.**

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.
  - PTW Greece L.L.C.
  - PTW International Holdings Inc.
  - PTW Solutions Inc
  - Remag Productions Inc
  - Remag Entertainment Inc
  - Vibe Avenue Inc.
  - POLE TO WIN VIET NAM JOINT STOCK COMPANY

Media Contents

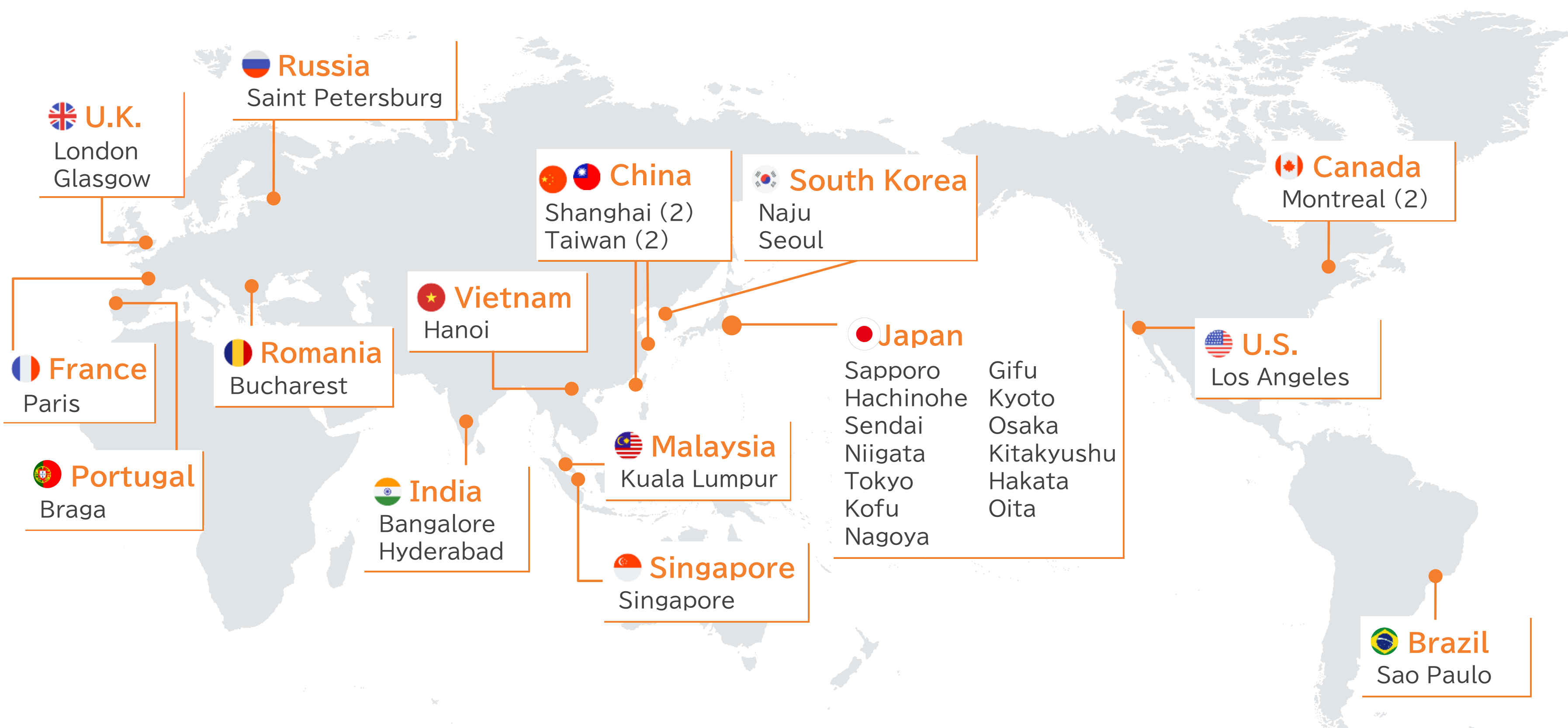
- **HIKE Inc.**
  - Panda Graphics TAIWAN INC.
  - Panda Graphics(Shanghai) Technology Co., Ltd.
  - CREST JOB Inc.
  - HIKE KOREA Inc.
  - AQUAPLUS CO., Ltd
  - FIXRECORDS Co., Ltd
- **Palabra Inc.**

(As of October 31, 2023)

4-3. Business Sites

Operating in

13 cities in Japan
21 sites in 14 overseas countries



(Excluding countries and sites not yet in operation as of October 31, 2023)

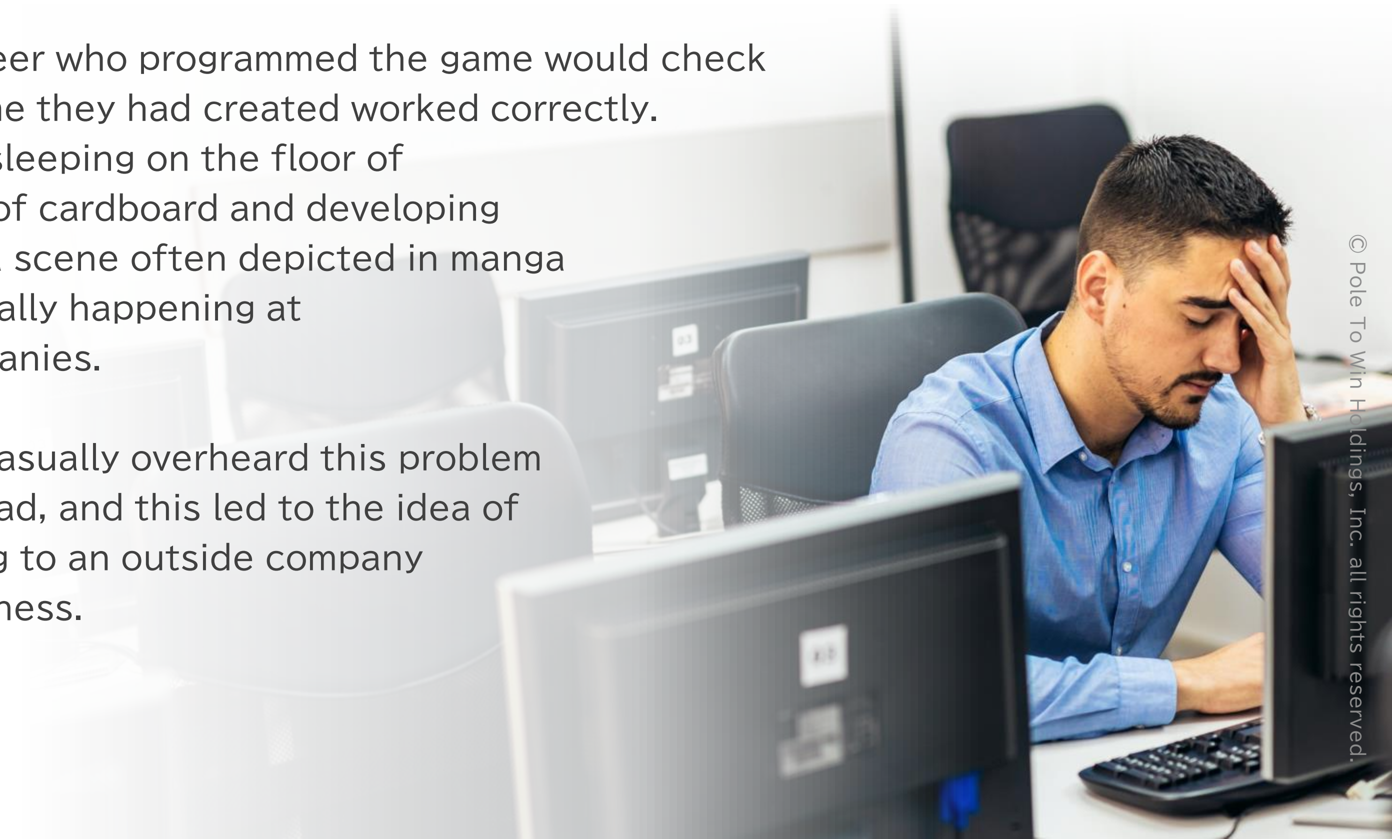
4-4. Business Origin (1)

From Small Insights to Japan's First Business

As Japan's first business specializing in "Testing/verification & evaluation" and "Internet support", the Group has a proven track record and client base.
The origin of our business was a problem a game development company with which we had a relationship at the time.

In those days, the engineer who programmed the game would check directly to see if the game they had created worked correctly.
It was a time when the "sleeping on the floor of the company on a piece of cardboard and developing while growing a beard", a scene often depicted in manga and TV dramas, was actually happening at game development companies.

The founding members casually overheard this problem the game development had, and this led to the idea of outsourcing game testing to an outside company and making it into a business.



4-4. Business Origin (2)

Continuing to meet the ever-changing needs of clients

As we continued in the Testing/Verification & Evaluation Business, we accumulated experience and know-how, and were entrusted with more advanced assignments and more work. As we receive work in this way and continue to communicate with them, we were exposed to other problems that development companies have.

For example, customer support services. If the client is going to outsource the customer service after the service is released, we, who already have a thorough understanding of the service content through the testing/verification & evaluation process, can take care of it all together, which will bring great benefits to the client.
In this way, we have expanded the scope of our services in a way that continues to meet the needs of the video game industry.

Recently, in addition to various BPO services in the video game industry such as localization, voice recording, art production and marketing support, we have also started to offer third-party software verification and security diagnostics in other industries.
Similarly, Internet Supporting Business also provides e-commerce listing checks, customer support, evolving from social media post monitoring, identity verification services for cashless payment, customer support and monitoring with xTech including anti-fraud measures.

We have now integrated these businesses into a single segment called the Service Life Cycle Solutions Business, but we will continue to provide solution services that transcend frameworks and continue to meet the challenges faced by clients.

4-4. Business Origin (3)

PTW

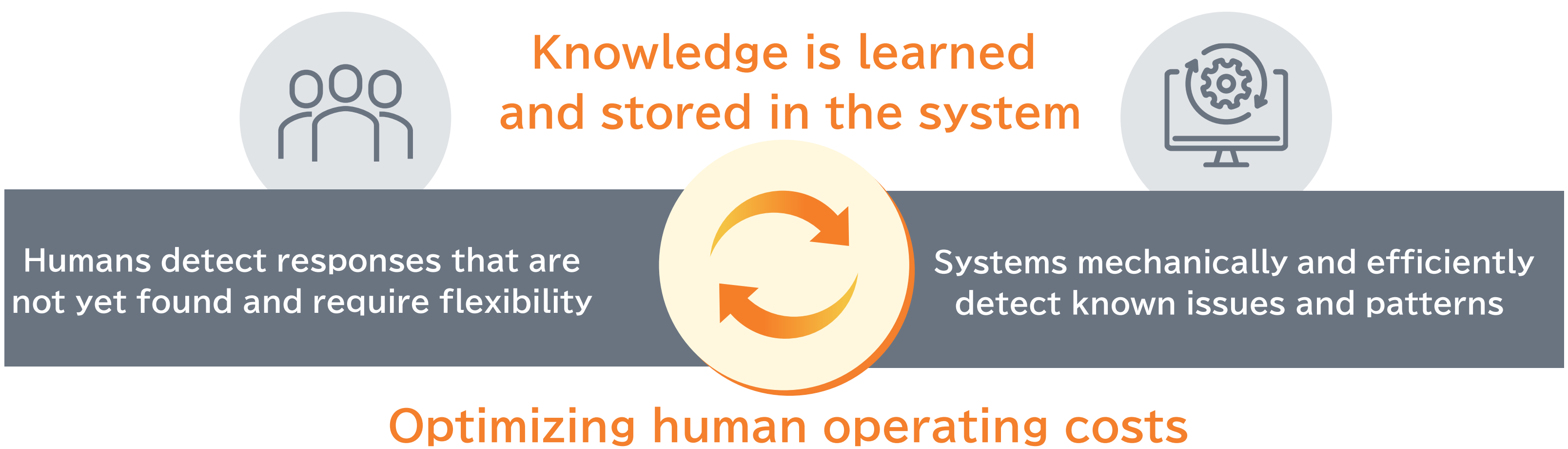
Business quality realized by both ”Systems and People”

Although business processes are undergoing digital transformation, and automation and assistance by AI are evolving, our group’s strength lies in final check by “People” and combining the advantages of both “Systems and People”.

For example, in testing (quality verification by a third party) business and server monitoring, the system detects errors that can be judged mechanically, while our staff directly checks and reports on areas that cannot be judged as issues in the data, but are thought to be ”not appropriate“ based on our experience.

In e-commerce item checks and social media postings monitoring, the system uses known patterns of fraud behaviour to efficiently counter malpractice, while our staff comprehensively assesses and handles fraud behaviour using new and unprecedented methods.

In an environment where quality definitions, error patterns, and fraud behaviours are constantly evolving, both ” Systems and People ” are simultaneously increasing flexibility and efficiency.



4-5. Service Life Cycle (1)

PTW

Service Life Cycle and Needs

- The five phases that occurs commonly in all services from "start to end" is defined as the Service Life Cycle.
- With many companies now having limited resources and knowledge, needs are arising at every phase.

Service Life Cycle		Potential Arising Needs
SS: Service Strategy	Phase of defining strategy for design, development, implementation, etc.	There is an idea, but unsure how it should be designed and developed due to no experience.
SD: Service Design	Phase of actual design and development	Insufficient human resources such as PMs, engineers, and artists for design
ST: ServiceTransition	Phase of testing and transition from development to live operations	Unable to confirm or determine if the quality of the service is sufficient to release
SO: ServiceOperation	Phase of continuing to provide services while adapting to a changing environment	Short-staffed for user support and monitor servers
CSI: Continual Service Improvement	Phase of continuous improvement of service effectiveness and efficiency	Caught up in day-to-day operations, and do not have enough time to improve services

4-5. Service Life Cycle (2)

PTW

Service Life Cycle Solutions

- We provide solutions to the needs that arise at each phase of the "Service Lifecycle".
- We have established a one-stop system that enables us to provide a one-shot services as well as to undertake all services as a single contract.
- Domestically, each process is provided by Media Contents and Domestic Solutions, while overseas, all phases are combined into Overseas Solutions.

Service Life Cycle	
SS: Strategy	Unable to create a strategy or design
SD: Design	Unable to develop or produce
ST: Transition	Unsure how to handle the releasing
SO: Operation	Unable to run services
CSI: Continual Service Improvement	Unable to make improvements in service work

Service Life Cycle Solutions provided by the Group

Game and AnimationProduction	Server Construction	Voice Recording
System Development Graphic Design	Security Verification	Localization Culturize
Testing Third-party Verification	Marketing Support	Server Monitoring
Monitoring	Customer Support	
Accessibility Improvements	Publishing	

4-6. Corporate Slogan

PTW

Seize The New

As needs, markets, and environments continue to change, we cannot sustainably increase our corporate value if we remain stable.

Through trial and error and new challenges, we ”seize” the future and make it our own.

Forward-looking Statements

PTW

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.