December 9, 2022

Consolidated Financial Results
For the Nine months Ended October 31, 2022
(Japanese Accounting Standards)

Name of the 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

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Scheduled date to file Quarterly Securities Report:	December 12, 2022
Scheduled date to commence dividend payments:	-
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	No

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

1.Consolidated financial results for the nine months ended October 31, 2022 (from February 1,2022 to October 31 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
October 31,2022	30,126	23.8	2,016	-15.3	2,399	0.5	540	-66.3
October 31, 2021	24,334	26.7	2,379	6.7	2,386	-3.3	1,601	4.3

(Note) Comprehensive income
Nine months ended October 31, 2022: 811 million yen (-56.4%)
Nine months ended October 31, 2021: 1,860 million yen (50.3%)

	Net profit per share	Diluted net profit per share
Nine months ended	Yen	Yen
October 31,2022	14.38	—
October 31, 2021	42.28	—

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
October 31,2022	23,605	17,677	74.8
January 31, 2022	22,581	17,624	78.0

(Reference) Equity
As of October 31, 2022: 17,665 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 first quarter of the current fiscal year. The figures for the October 31, 2022 are after the application of the said accounting standards, etc.

2. Cash dividends

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

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

3. Consolidated financial forecasts for the fiscal year ending January 31, 2023 (from February 1, 2022 to January 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
January 31, 2023	40,088	17.0	4,002	23.0	3,926	17.8	1,800	-18.9	47.18

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended October 31, 2022
(changes in specified subsidiaries resulting in a change in the scope of consolidation): : Yes
Excluded 1 company (Company name) PITCREW CO., LTD.

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

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
a. Changes in accounting standards due to revisions to accounting standards and other guidelines: : Yes
b. Changes in accounting policies due to reasons other than a. above: : No
c. Changes in accounting estimates: : No
d. Restatement of revisions: : No

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

(4) Number of common shares issued
a. Total number of issued shares at the end of the period (including treasury stock)
As of October 31, 2022 : 38,156,000 shares
As of January 31, 2022 : 38,156,000 shares
b. Number of shares of treasury stock at the end of the period
As of October 31, 2022 : 663,930 shares
As of January 31, 2022 : 400,502 shares
c. Average number of shares (Cumulative)
For the nine months ended October 31, 2022 : 37,571,042 shares
For the nine months ended October 31, 2021 : 37,886,118 shares

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

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

(How to obtain supplementary materials explaining earnings for the quarter)
The Company discloses the Supplementary Information to the Financial Results on the TDnet on the same day.

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1. Qualitative Information on Financial Results

(1) Analysis of Operating Results

During the third quarter of the consolidated fiscal year under review, (nine-month period ended October 31, 2022), the Japanese economy is expected to pick up, partly due to the effects of various policies as the transition to a new phase of living with 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, and fluctuations in financial and capital markets.

Under these economic conditions, the Group provides Service Life Cycle Solutions Business that provides quality consulting, game testing/verification & evaluation, software third party verification, environment construction and transition support, monitoring, customer support, anti-fraud, BPR support, etc. that occurs in the process of our clients' lifecycle of planning, development, release, operation, and improvement. During the three quarters consolidated period, we merged three main operating companies, Pole To Win Co., Ltd., PITCREW CO., LTD. and QaaS Co., Ltd., in February to seamlessly solve the problems in the life cycle of customers' services and products and to promote management efficiency. Similarly, in February, MIRAIt Service Design co. ltd merged with SOFTWISE Corporation, MSD Secure Service Inc., and Seitatsu Technology, Inc. Pole to Win Inc. absorbed and merged with Daiichi Shorin Co., Ltd. in May and relocated its head office, relocated and integrated its Kamiyashiro Center, Meieki Center and Chikusa Center to establish the Nagoya Center in September to result further consolidate management resources and increase efficiency within the Group. With the aim of improving its service capabilities for client companies, 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 overseas, PTW New Zealand Limited (a New Zealand subsidiary) was established for the purpose of business expansion in April. Domestic and overseas subsidiaries are actively recruiting managerial-level personnel and implementing measures of advertising and others. In addition, as an attempt to improve synergy among subsidiaries, Pole To Win, Inc., PTW Japan Co., Ltd, CREST Inc., and QBIST Inc. ran joint exhibition 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 staffs in Russia and Ukraine. However, the recent situation in Ukraine has made it difficult to carry out the business as planned at the time of the initial business transfer. Due to this, an impairment loss on goodwill and intangible assets relating to 1518 Studios, Inc. are recorded as an extraordinary loss.

As a result, net sales for the third quarter of the current fiscal year were ¥30,126,523 thousand (increased 23.8% year-on-year), operating profit was ¥2,016,541 thousand (decreased 15.3% year-on-year), ordinary profit was ¥2,399,109 thousand (increased 0.5% year-on-year), and profit attributable to owners of the parent was ¥540,208 thousand (decreased 66.3%).

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

Operating results by service category are as follows.

Domestic Solutions

In this service category, domestic subsidiaries provide services for the game market, including testing, customer support, localization, and overseas expansion support. For the Technology market, the 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 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. In addition, MIRAIt Service Design Inc. from the third quarter of the previous fiscal year and Ninjastars Inc. from the first quarter of the current fiscal year were newly consolidated, respectively. As a result, sales of Domestic Solutions totaled ¥19,079,831 thousand.

Overseas Solutions

In this service category, overseas subsidiaries provide services related to testing, localization, voice recording, customer support, product development support, and art production. 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, sales of Overseas Solutions totaled ¥9,133,435 thousand.

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. As a result, sales of media content totaled ¥1,913,256 thousand.

(2) Analysis of Financial Position

Total Assets

Current assets increased by ¥1,045,547 thousand or 6.4% from the previous fiscal year-end, to ¥ 17,385,577 thousand. This was mainly due to an increase of ¥1,088,818 thousand in notes, accounts receivable and trade and contract assets, and an increase of ¥242,740 thousand in others (accounts receivable - other, etc.) despite a decrease of ¥193,047 thousand in cash and deposits.

Non-current assets decreased by ¥22,159 thousand or 0.4% from the previous fiscal year-end, to ¥6,219,583 thousand. This was mainly due to decreases of ¥613,767 thousand in goodwill and 354,148 thousand yen in intangible assets, despite increases of ¥272,015 thousand in buildings and structures, ¥348,820 thousand in investment securities and ¥163,888 thousand in leasehold and guarantee deposits.

As a result, total assets increased by ¥1,023,387 thousand or 4.5% from the previous fiscal year-end, to ¥23,605,160 thousand.

Liabilities

Current liabilities increased by ¥971,785 thousand or 23.4% from the previous fiscal year-end, to ¥5,130,426 thousand. This was mainly due to the increases of ¥647,276 thousand in accounts payable-other, ¥198,414 thousand in provision for bonuses, and ¥255,087 thousand in others (advance received, etc.), despite a decrease of ¥218,773 thousand in income taxes payable.

Non-current liabilities decreased by ¥1,703 thousand or 0.2% from the previous fiscal year-end, to ¥796,909 thousand. This was mainly due to a decrease of ¥32,515 thousand in long-term borrowings, despite an increase of ¥25,107 thousand in liabilities for retirement benefits.

As a result, total liabilities increased by ¥970,081 thousand or 19.6% from the end of the previous fiscal year-end, to ¥5,927,335 thousand.

Net assets

Net assets increased by ¥53,305 thousand or 0.3% from the previous fiscal year-end, to ¥17,677,825 thousand. This was mainly due to increase of ¥55,225 thousand in retained earnings and ¥276,062 thousand in foreign currency translation adjustment for profit attributable to owners of parent and dividend payment, despite an increase of ¥273,772 thousand in treasury share.

(3) Qualitative Information on Consolidated Earnings Forecasts

For domestic solutions, mergers among subsidiaries are underway to promote service synergy improvement and management efficiency. For continued performance expansion, we are aggressively investing in the integration of centers where operations are conducted, environmental improvements, advertising, hiring of executives and promotion of digital transformation. About overseas solutions, while benefiting from the depreciation of the yen, new businesses such as media content are being undertaken. In the area of media content, CREST Inc. is working on acquiring projects that will be released in two to three years, while developing a production system for games and animation. As a result, during the third quarter consolidated cumulative period, the rate of progress toward the fiscal year earnings forecast for profits was sluggish, but net sales were generally in line with the plan, and in light of the timely disclosure standards stipulated by stock exchanges, there is no change from the consolidated earnings forecast announced on September 9, 2022. Note, however, that the earnings forecasts are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not guarantee that the Company will achieve its earnings forecasts. In addition, actual business and other results may differ substantially due to various factors.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of January 31, 2022	As of October 31, 2022
Assets		
Current assets		
Cash and deposits	9,735,217	9,542,170
Notes and accounts receivable - trade	4,941,367	—
Notes, accounts receivable – trade, and contract assets	—	6,030,186
Merchandise and finished goods	203	203
Work in process	262,767	166,899
Other	1,479,892	1,722,632
Allowance for doubtful accounts	-79,419	-76,515
Total current assets	16,340,029	17,385,577
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,107,978	1,442,659
Accumulated depreciation	-689,863	-752,528
Buildings and structures, net	418,115	690,131
Machinery, equipment and vehicles	23,486	37,242
Accumulated depreciation	-17,741	-19,885
Machinery, equipment and vehicles, net	5,744	17,357
Tools, furniture and fixtures	2,013,467	2,315,936
Accumulated depreciation	-1,546,857	-1,807,806
Tools, furniture and fixtures, net	466,610	508,129
Other	—	41,141
Total property, plant and equipment	890,470	1,256,759
Intangible assets		
Goodwill	1,746,450	1,132,683
Software	263,463	346,901
Intangible assets	1,211,648	857,500
Other	3,007	2,942
Total intangible assets	3,224,571	2,340,027
Investments and other assets		
Investment securities	802,137	1,150,958
Leasehold and guarantee deposits	753,945	917,834
Deferred tax assets	500,422	512,863
Other	135,491	118,235
Allowance for doubtful accounts	-65,294	-77,094
Total investments and other assets	2,126,702	2,622,796
Total non-current assets	6,241,743	6,219,583
Total assets	22,581,773	23,605,160

(Thousands of yen)

	As of January 31, 2022	As of October 31, 2022
Liabilities		
Current liabilities		
Current portion of long-term borrowings	48,394	40,576
Accounts payable - other	1,987,729	2,635,005
Accrued expenses	560,653	658,251
Income taxes payable	642,376	423,603
Provision for bonuses	79,077	277,492
Other	840,410	1,095,498
Total current liabilities	4,158,641	5,130,426
Non-current liabilities		
Long-term borrowings	251,389	218,874
Retirement benefit liability	120,856	145,964
Deferred tax liabilities	338,659	327,344
Other	87,706	104,727
Total non-current liabilities	798,612	796,909
Total liabilities	4,957,253	5,927,335
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	14,154,234
Treasury shares	-293,102	-566,874
Total shareholders' equity	17,424,870	17,206,507
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,063	18,562
Foreign currency translation adjustment	164,658	440,721
Total accumulated other comprehensive income	191,721	459,284
Non-controlling interests	7,926	12,033
Total net assets	17,624,519	17,677,825
Total liabilities and net assets	22,581,773	23,605,160

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income (Nine-month period ended Oct 31, 2022)

(Thousands of yen)

	Nine months ended October 31, 2021	Nine months ended October 31, 2022
Net sales	24,334,894	30,126,523
Cost of sales	17,305,847	21,808,825
Gross profit	7,029,047	8,317,698
Selling, general and administrative expenses	4,649,335	6,301,156
Operating profit	2,379,711	2,016,541
Non-operating income		
Foreign exchange gains	－	331,486
Subsidy income	99,273	96,291
Other	15,385	21,575
Total non-operating income	114,658	449,352
Non-operating expenses		
Interest expenses	1,060	2,583
Foreign exchange losses	46,510	－
Share of loss of entities accounted for using equity method	47,420	47,389
Acquisition cost of treasury shares	－	3,663
Other	13,313	13,148
Total non-operating expenses	108,304	66,785
Ordinary profit	2,386,066	2,399,109
Extraordinary losses		
Loss on retirement of non-current assets	47,419	13,059
Impairment loss	－	665,220
Loss on valuation of investment securities	63,018	－
Total extraordinary losses	110,438	678,280
Profit before income taxes	2,275,628	1,720,829
Income taxes	677,697	1,176,514
Profit	1,597,931	544,315
Profit attributable to non-controlling interests or Loss attributable to non-controlling interests	-3,907	4,106
Profit attributable to owners of parent	1,601,838	540,208

Consolidated Statement of Comprehensive Income (Nine-month period ended Oct 31, 2022)

(Thousands of yen)

	Nine months ended October 31, 2021	Nine months ended October 31, 2022
Profit	1,597,931	544,315
Other comprehensive income		
Valuation difference on available-for-sale securities	4,537	-8,500
Foreign currency translation adjustment	242,574	269,005
Share of other comprehensive income of entities accounted for using equity method	15,915	6,830
Total other comprehensive income	263,027	267,335
Comprehensive income	1,860,958	811,650
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,864,908	807,770
Comprehensive income attributable to non-controlling interests	-3,950	3,880

(3) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Changes in accounting policies)

(Application of Accounting Standards for Revenue Recognition)

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

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

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

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

Due to the application of the Accounting Standard for Revenue Recognition, "Notes and accounts receivable - trade," which were included under "Current assets" in the consolidated balance sheet in the previous consolidated fiscal year, are included in " Notes, accounts receivable – trade, and contract assets" from the current consolidated first quarter. 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 applied the new standard from the beginning of the first quarter of the 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 Quarterly Consolidated Financial Statements.

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

(Calculation of income taxes payable)

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

(Segment Information)

[Segment Information]

1. Nine month ended October 31, 2021 (from February 1, 2021 to Oct 31, 2021)

As stated in “2. Nine months ended October 31,2022 (from February 1, 2022 to Oct 31, 2022) (Changes in reporting segments)”.

2. Nine months ended October 31, 2022 (from Feb 1, 2022 to Oct 31, 2022)

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

(Changes in reporting segments)

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

This is because the barriers between the game industry, which is the main market of the " Testing/Verification & Evaluation Business" and the internet industry, which is the main market of the "Internet Supporting Business" have become lower. In addition, the Company has been promoting the expansion of the Group's service areas through M&A and organizational changes aimed at improving business synergies and management efficiency within the Group, including the February 2022 merger of Pole To Win, 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 has a single segment, "Service Life Cycle Solutions Business" and therefore segment information for the first three quarters of the previous fiscal year and the first three quarters of the current fiscal year has been omitted.