



# Consolidated Financial Results For the Nine Months Ended October 31, 2023 (Japanese Accounting Standards)

December 12, 2023

Name of Listed Company: Pole To Win Holdings, Inc.  
 Listings: Tokyo Stock Exchange, Prime Market  
 Stock code: 3657 URL <https://www.phd.inc>  
 Representatives: Teppei Tachibana, President & CEO  
 Contact Person: Joji Yamauchi, Director & CFO Tel: +81-3-5909-7911  
 Scheduled date to file Quarterly Securities Report: December 14 2023  
 2023 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, 2023 (from February 1, 2023 to October 31, 2023)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine Months Ended October 31, 2023	34,260	13.7	677	-66.4	811	-66.2	-291	-153.9
October 31, 2022	30,126	23.8	2,016	-15.3	2,399	0.5	540	-66.3

(Note) Comprehensive income:

Nine months ended October 31, 2023: ¥213 million (-73.7%)

Nine months ended October 31, 2022: ¥811 million (-56.4%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
Nine Months Ended October 31, 2023	-8.02	-
October 31, 2022	14.38	-

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of October 31, 2023	25,879	15,499	59.9
January 31, 2023	27,459	17,693	64.4

(Reference) Equity:

As of October 31, 2023: ¥15,492 million

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

## 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, 2023	-	0.00	-	15.00	15.00
Fiscal year ending January 31, 2024	-	0.00	-	-	-
Fiscal year ending January 31, 2024 (Forecasts)	-	-	-	16.00	16.00

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

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending January 31, 2024	46,217	15.7	644	-76.4	788	-70.7	-514	-164.8	-14.28

(Notes) Change from the latest pressed financial forecasts: Yes

**\*Notes:**

(1) Changes in significant subsidiaries during the six months ended July 31, 2023 : No  
(changes in specified subsidiaries resulting in a change in the scope of consolidation)

(2) Use of particular accounting treatments in preparation of quarterly consolidated financial statements : Yes  
(Note) For details, please refer to "2. Consolidated Financial Statements (3) Notes to Quarterly Consolidated Financial Statements (Use of particular accounting treatments in preparation of quarterly consolidated financial statements)" on page 8 of the attached document.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions : Yes  
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. Consolidated Financial Statements (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, 2023	38,156,000 shares	As of January 31, 2023	38,156,000 shares
b. Number of shares of treasury stock at the end of the period			
As of October 31, 2023	2,795,730 shares	As of January 31, 2023	829,830 shares
c. Average number of shares (Cumulative)			
As of October 31, 2023	36,295,568 shares	As of October 31, 2022	37,571,042 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 "1. Qualitative Information on Financial Results (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 for The Quarter

### (1) Analysis of Operating Results

During the third quarter of the consolidated fiscal year under review, the Japanese economy is expected to continue its mild recovery under the improving employment and income environment, partly due to the effects of various policies. However, amid continued global monetary tightening and concerns about the future of the Chinese economy, there is a risk that a downturn in overseas economies will put downward pressure on the Japanese economy. It is required to pay close attention to the effects of rising prices, the situation surrounding the Middle East region, and fluctuations in financial and capital markets.

Under these economic conditions, the Group is promoting 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. globally, that occurs in the process (Service Life Cycle) of our clients' lifecycle of planning, development, release, operation, and improvement. In the third quarter of the current consolidated cumulative period, the Company, in May, ADOOR Inc. was established as a subsidiary to provide metaverse-related services. Pole To Win, Inc. opened the Akihabara Center in March by consolidating six centers in Tokyo in order to improve its ability to respond to client and to improve the working environment for its employees. MIRAI Service Design co.ltd and Ninjastars Inc. moved into the same Akihabara Center. The Oita Center (Work from Home model) opened in August, the Hakata Center relocated and opened in September, and the Sendai Center opened in October by consolidating two centers in Sendai. In July, PTW Japan Co., Ltd. merged with Delphi Sound Inc. in order to improve its ability to serve customers and to consolidate and streamline management resources. PTW Canada Solutions, Inc. acquired Vibe Avenue Inc. (a Canadian subsidiary), a music and sound design company for game development companies, as a subsidiary in October for the purpose of strengthening its voice recording business and cross-selling. CREST Inc., SANETTY Produce Co., Ltd., and QBIST Inc. merged in February with CREST Inc. as the surviving company and changed the company name to HIKE Inc. in order to improve synergy in Media Contents operations and consolidate management resources. Each subsidiary is actively hiring and training personnel, and establishing and expanding new business bases.

As a result, net sales for the third quarter of the current fiscal year were ¥34,260,277 thousand (increased 13.7% year-on-year), operating profit was ¥677,444 thousand (decreased 66.4%), ordinary profit was ¥811,705 thousand (decreased 66.2%), loss on valuation of investment securities of ¥177,137 thousand and impairment losses (goodwill) of ¥316,677 thousand were recorded as extraordinary loss, and profit attributable to owners of parent was (¥540,208 thousand of profit in the same period of the previous fiscal year).

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 company provides services related to software third-party verification, environment construction, server monitoring, data center operation, and kitting. For the e-commerce market, the company provides monitoring and customer support services. In services for the e-commerce market, work mainly related to data annotation (tagging) and QR code payment expanded. In addition, the Company is promoting the conversion of staff to permanent employees to improve the retention rate, advance hiring personnel in preparation for order expansion, center integration and maintenance, and IT system renewal. As a result, sales of Domestic Solutions totaled to ¥19,690,420 thousand yen (increased 3.2% year-on-year).

#### Overseas Solutions

In this service category, overseas subsidiaries provide services related to testing, localization, voice recording, customer support, product development support, and art production. Sales increased mainly due to the yen's depreciation. We are also promoting the establishment of local subsidiaries to recruit executive, sales, and development personnel for business expansion and to secure staff in various regions. As a result, sales of Overseas Solutions totaled to ¥9,994,434 thousand (increased 9.4% year-on-year).

## Media Contents

In this service category, mainly through the domestic subsidiaries, the Company provides services related to animation production, game publishing, art production, marketing support, and barrier-free subtitling and voice guidance production, with "360-Degree development of Intellectual Property" as our main focus. From the first quarter of the current fiscal year, the results of AQUAPLUS CO., Ltd were consolidated, and the sales of the application game "Utawarerumono:Lost Flag" and other games contributed to the results. In game development, we also engaged in joint development with other companies and received revenue share income from the production committees in which we invested. In addition, HIKE Inc. is promoting orders for animation production, opening studios to expand production capacity, and investing in the hiring and training of human resources. As a result, the net sales of Media Contents totaled to ¥4,575,422 thousand (increased 139.1% year-on-year).

## (2) Analysis of Financial Position

### Total Assets

Current assets decreased ¥2,425,433 thousand or 12.0% from the previous fiscal year-end, to ¥17,818,906 thousand. This was mainly due to a decrease of ¥3,484,171 thousand in cash and deposits, despite increases of ¥414,969 thousand in work in process and ¥574,257 thousand in other (prepaid expenses, etc.).

Non-current assets increased ¥845,085 thousand or 11.7% from the previous fiscal year-end, to ¥8,060,461 thousand. This was mainly due to increases of ¥487,231 thousand in buildings and structures, ¥254,458 thousand in tools, furniture and fixtures, ¥465,739 thousand in software, and ¥198,802 thousand in leasehold and guarantee deposits, despite a decrease of ¥540,894 thousand in goodwill.

As a result, total assets decreased ¥1,580,348 thousand or 5.8% from the previous fiscal year-end, to ¥25,879,368 thousand.

### Liabilities

Current liabilities increased ¥666,172 thousand or 7.7% from the previous fiscal year-end, to ¥9,330,348 thousand. This was mainly due to increases of ¥500,000 thousand in short-term borrowings and ¥496,193 thousand in others (advances received, etc.), despite decreases of ¥265,905 thousand in long-term borrowings and ¥179,210 thousand in accounts payable-other.

Non-current liabilities decreased ¥52,396 thousand or 4.8% from the previous fiscal year-end, to ¥1,049,993 thousand. This was mainly due to a ¥38,570 thousand decrease in deferred tax liabilities.

As a result, total liabilities increased ¥613,775 thousand or 6.3% from the previous fiscal year-end, to ¥10,380,342 thousand.

### Net assets

Total net assets decreased ¥2,194,124 thousand or 12.4% from the previous fiscal year-end, to ¥15,499,025 thousand. This was mainly due to a decrease in retained earnings of ¥851,056 thousand due to the net loss attributable to owners of the parent and payment of dividend, and an increase in treasury share of ¥1,849,010 thousand, despite an increase in foreign currency translation adjustments of ¥536,147 thousand.

## (3) Qualitative Information on Consolidated Earnings Forecasts

During the consolidated cumulative third quarter, as for net sales, it is expected to decline due to the delay in monetization of new businesses in overseas solutions and the under-performance of the revenue-sharing plan for some game development projects in the Media Contents business, and as for net sales and profits, it is expected to decline due to rising prices in the domestic solutions business, which will result in higher-than-budgeted expenses for the integration of bases, delays in the monetization of new businesses in the overseas solutions business, and lower-than-expected profits from some Media Contents projects. In addition, as released today (December 12, 2023) in the full-year consolidated earnings forecast has also been revised as described in the "Notification for Revision of Full-Year Consolidated Earnings Forecasts and Unchanged Forecast of Cash Dividends per Share" accordingly.

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, 2023	As of October 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	11,192,774	7,708,602
Notes, accounts receivable – trade, and contract assets	6,349,366	6,430,606
Merchandise and finished goods	6,512	15,740
Work in process	491,287	906,256
Other	2,217,903	2,792,160
Allowance for doubtful accounts	-13,503	-34,460
<b>Total current assets</b>	<b>20,244,340</b>	<b>17,818,906</b>
Non-current assets		
Tangible assets		
Buildings and structures	1,582,031	2,125,675
Accumulated depreciation	-751,146	-807,558
Buildings and structures, net	830,884	1,318,116
Machinery, equipment and vehicles	46,395	54,739
Accumulated depreciation	-26,378	-28,643
Machinery, equipment and vehicles, net	20,017	26,096
Tools, furniture and fixtures	2,538,126	3,205,191
Accumulated depreciation	-1,934,342	-2,346,948
Tools, furniture and fixtures, net	603,784	858,243
Other	92,830	95,847
<b>Total tangible assets</b>	<b>1,547,517</b>	<b>2,298,303</b>
Intangible assets		
Goodwill	1,462,357	921,462
Software	572,552	1,038,292
Intangible assets	833,000	759,500
Other	3,997	3,997
<b>Total intangible assets</b>	<b>2,871,908</b>	<b>2,723,253</b>
Investments and other assets		
Investment securities	1,053,327	1,067,113
Leasehold and guarantee deposits	1,025,012	1,223,814
Deferred tax assets	418,638	475,843
Other	373,689	352,022
Allowance for doubtful accounts	-74,717	-79,888
<b>Total investments and other assets</b>	<b>2,795,950</b>	<b>3,038,904</b>
<b>Total non-current assets</b>	<b>7,215,376</b>	<b>8,060,461</b>
<b>Total assets</b>	<b>27,459,716</b>	<b>25,879,368</b>

(Thousands of yen)

	As of January 31, 2023	As of October 31, 2023
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	3,005,970	3,505,970
Current portion of long-term borrowings	390,688	124,783
Accounts payable - other	3,241,322	3,062,111
Accrued expenses	508,693	560,505
Income taxes payable	408,218	425,219
Provision for bonuses	31,019	77,300
Other	1,078,264	1,574,458
Total current liabilities	8,664,176	9,330,348
Non-current liabilities		
Long-term borrowings	475,453	443,457
Retirement benefit liability	136,291	145,797
Deferred tax liabilities	329,159	290,588
Other	161,486	170,150
Total non-current liabilities	1,102,390	1,049,993
Total liabilities	9,766,566	10,380,342
Net assets		
Shareholders' equity		
Capital	1,239,064	1,239,064
Capital surplus	2,380,082	2,381,156
Retained earnings	14,409,137	13,558,080
Treasury shares	-703,249	-2,552,259
Total shareholders' equity	17,325,035	14,626,041
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,777	-24,873
Foreign currency translation adjustment	354,866	891,014
Total accumulated other comprehensive income	358,643	866,140
Non-controlling interests	9,470	6,844
Total net assets	17,693,150	15,499,025
Total liabilities and net assets	27,459,716	25,879,368

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income (Nine-month period ended October 31, 2023)**

(Thousands of yen)

	Nine months ended October 31, 2022	Nine months ended October 31, 2023
Net sales	30,126,523	34,260,277
Cost of sales	21,808,825	26,111,751
Gross profit	8,317,698	8,148,526
Selling, general and administrative expenses	6,301,156	7,471,081
Operating profit	2,016,541	677,444
Non-operating income		
Foreign exchange gains	331,486	126,688
Subsidy income	96,291	47,352
Other	21,575	22,674
Total non-operating income	449,352	196,715
Non-operating expenses		
Interest expenses	2,583	9,201
Loss on investment securities	2,729	11,002
Share of loss of entities accounted for using equity metho	47,389	-
Provision of allowance for doubtful accounts	-	20,000
Acquisition of treasury stock	3,663	4,955
Other	10,419	17,294
Total non-operating expenses	66,785	62,454
Ordinary profit	2,399,109	811,705
Extraordinary profit		
Gain on sales of investment securities	-	27,429
Total extraordinary profit	-	27,429
Extraordinary losses		
Loss on retirement of non-current assets	13,059	2,713
Loss on valuation of investment securities	-	177,137
Impairment losses	665,220	316,677
Total extraordinary losses	678,280	496,528
Profit before income taxes	1,720,829	342,606
Income taxes	1,176,514	636,396
Quarterly net profit or loss	544,315	-293,790
Profit attributable to non-controlling interests or	4,106	-2,626
Loss attributable to non-controlling interests		
Profit attributable to owners of parent or	540,208	-291,164
Loss attributable to owners of parent		



**Consolidated Statement of Comprehensive Income**  
**(Nine-month period ended October 31, 2023)**

(Thousands of yen)

	Nine months ended October 31, 2022	Nine months ended October 31, 2023
Profit	544,315	-293,790
Other comprehensive income		
Valuation difference on available-for-sale securities	-8,500	-28,651
Foreign currency translation adjustment	269,005	536,147
Share of other comprehensive income of entities accounted for using equity method	6,830	-
Total other comprehensive income	267,335	507,496
Comprehensive income	811,650	213,705
(Breakdown)		
Comprehensive income attributable to owners of parent	807,770	216,331
Comprehensive income attributable to non-controlling interests	3,880	-2,626

**(3) Notes to Quarterly Consolidated Financial Statements****(Notes on Going Concern Assumption)**

Not applicable

**(Notes on Significant Changes in Shareholders' Equity)**

The Company acquired 1,981,900 shares of treasury shares in accordance with a resolution of the Board of Directors meeting held on December 9, 2022 and June 9, 2023. In addition, the Company disposed of 16,000 shares of treasury shares as restricted stock unit in accordance with a resolution of the Board of Directors meeting held on May 23, 2023. As a result, treasury stock increased 1,849,010 thousand yen during the third quarter of the current consolidated fiscal year, resulting in treasury stock of 2,552,259 thousand yen at the end of the third quarter of the current consolidated fiscal year.

**(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 and minority interests for the consolidated fiscal year, including the third quarter under review, multiplying quarterly income before income taxes and minority interests by the relevant estimated effective tax rate.

**(Changes in accounting policies)****(Application of Accounting Standard for Fair Value Measurement)**

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021; hereinafter referred to as the "Accounting Standard for Fair Value Measurement") has been applied from the beginning of the current consolidated fiscal year. The new accounting policy prescribed in the "Accounting Standard for Fair Value Measurement" will be applied prospectively in accordance with the transitional policy prescribed in the paragraph 27-2 of the "Accounting Standard for Fair Value Measurement".

There is no impact on the Consolidated Financial Statements.

**(Segment Information)****[Segment information]**

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