

PTW

Pole To Win Holdings, Inc.

Supplementary Information to the Financial Results for the Fiscal Year Ended January 31, 2023

Net sales	¥39,929M	(16.6% increase QoQ)
Operating profit	¥2,724M	(16.3% decrease QoQ)
Profit attributable to owners of parent	¥795M	(64.2% decrease QoQ)

- Sales of both domestic and overseas solutions expanded in a well-balanced manner, reaching a record-high sales level.
- Decrease in operating profit due to active recruitment and improvement of working environment (IT systems, centers).
- Net profit attributable to shareholders of the parent company decreased due to equity method losses, goodwill impairment and a loss of 848 million yen on the write-down of investment securities.

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1-1. Overview of Consolidated Financial Results for the Fiscal Year Ended January 31, 2023

(1) - Change YoY -

- Sales expansion of both domestic and overseas solutions were well-balanced, and sales reached a record high.
- Decrease in operating profit due to active recruitment and improvement of working environment (IT systems, centers,etc.).
- Non-operating expenses, equity-method loss, goodwill impairment and loss on valuation of investment securities of 848 million yen was recorded

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

	Current Year Full FY (Feb' 22-Jan' 23)		Previous Year Full FY (Feb'21.2-Jan'22)		Change YoY	
	Results	Margin	Results	Margin	Results	%
Net sales	39,929	- %	34,252	- %	+5,676	+16.6%
Operating profit	2,724	6.8%	3,254	9.5 %	-530	-16.3%
Ordinary profit	2,689	6.7%	3,331	9.7 %	-642	-19.3%
Profit attributable to owners of parent	795	2.0%	2,219	6.5 %	-1,424	-64.2%

(Note) Percentages rounded down to one decimal place

- Consolidated net sales were almost in line with the plan, driven by overseas solutions.
- In the Domestic Solutions, recruitment of personnel and development of the working environment ahead of schedule made a downturn from the forecast.
- In the Media & Content business, projects were pushed back, cancelled or M&A expenses were incurred, resulting in downturn compared to forecast.

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

	Results Full FY (Feb' 22-Jan' 23)		Forecasts Full FY (Feb' 22-Jan' 23)		Results comparison to Forecast	
	Results	Margin	Forecast	Margin	Difference	Attainment Rate
Net sales	39,929	- %	40,088	- %	-159	99.6%
Operating profit	2,724	6.8%	4,002	10.0%	-1,277	68.1%
Ordinary profit	2,689	6.7%	3,926	9.8%	-1,237	68.5%
Profit attributable to owners of parent	795	2.0%	1,800	4.5%	-1,005	44.2%

(Note) Percentages rounded down to one decimal place

1-3. Overview of Consolidated Financial Results for the Year Ended January 31, 2023

(3) - Segment -

- From the year under review, the reporting segment has been changed to a single segment 'Service Life Cycle Solutions Business'.
- By providing services demanded by clients in all directions, expanded the gaming sector through collaboration of Domestic and Overseas solutions.
- E-commerce and Technology sectors steadily expanding, Media Content Business expanded delivery capacity, ahead of costs required for M&A.

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

(Former) Segment	(New)	Service Category (Sales Composition Ratio)	FY2023 Net sales	Main Service
Internet Supporting	Service Life Cycle Solutions	Domestic Solutions (64.0%)	<Sales> 25,560 <Operating profit> 2,488	<E-Commerce> Monitoring and Customer support
Testing and Localisation				<Games> Testing, Customer support, Localisation, Overseas expansion support
Verification & Evaluation				<Technology> Third-party verification, Environment construction, Server monitoring, Data center operations and Kitting
Overseas		Overseas Solutions (29.3%)	<Sales> 11,712 <Operating profit> 988	Testing, Localisation, Voice recording, Customer support, Product development support, and Art production
Media Contents		Media Contents (6.7%)	<Sales> 2,655 <Operating profit> -667	Art production, Game publishing, Animation production, Marketing support, Barrier-free subtitles and Audio guides production
Other				

(Note) 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.

1-4. Financial Position: Consolidated Balance Sheets

- Due to the opening of centers and acquisition of IT systems increase in fixed assets was observed (buildings structures, equipment and supplies, lease and security deposits.)
- Increase in current liabilities due to higher borrowings.
- Improving capital efficiency through the utilization of interest-bearing debt and acquisition of treasury share.

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

	EoFY Jan' 23	EoFY Jan' 22	Change
Total current assets	20,244	16,340	+3,904
Cash and deposits	11,192	9,735	+1,457
Total property, plant and equipment	1,547	890	+657
Total intangible assets	2,871	3,224	-352
Investments and other assets	2,795	2,126	+669
Total non-current assets	7,215	6,241	+973
Total assets	27,459	22,581	+4,877
Total current liabilities	8,664	4,158	+4,505
Total non-current liabilities	1,102	798	+303
Total liabilities	9,766	4,957	+4,809
Total net assets	17,693	17,624	+68
Treasury shares	-703	-293	-410
Total liabilities and net assets	27,459	22,581	+4,877

1-5. Consolidated Statements of Cash Flows

- For investment cash flow, due to the opening of the center and the acquisition of IT systems, expenses for buildings, fixtures and fixtures, security deposits and software expenses due to the promotion of DX increased.
- Financing cash flow increased due to the income from the utilization of interest-bearing debt.

	FY 2023 (Feb' 22-Jan' 23)	FY 2022 (Feb' 21.2-Jan' 22)	YoY Change
Cash flows from operating activities	1,920	1,844	+75
Cash flows from investing activities	-2,563	-2,661	+98
Cash flows from financing activities	2,011	-659	+2,671
Effect of exchange rate changes on cash and cash equivalents	89	53	+35
Net increase (decrease) in cash and cash equivalents	1,457	-1,423	+2,880
Cash and cash equivalents at beginning of year	9,735	11,158	-1,423
Cash and cash equivalents at end of year	11,192	9,735	+1,457

1-6. Stock Information

Total Number of Shares Issued

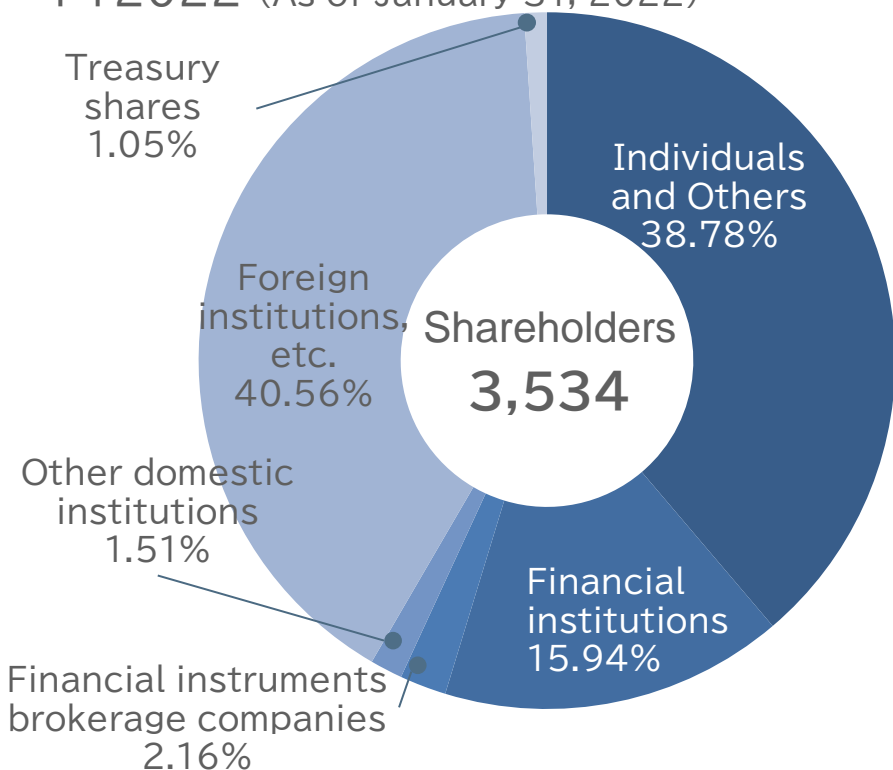
As of January 31, 2022
38,156,000



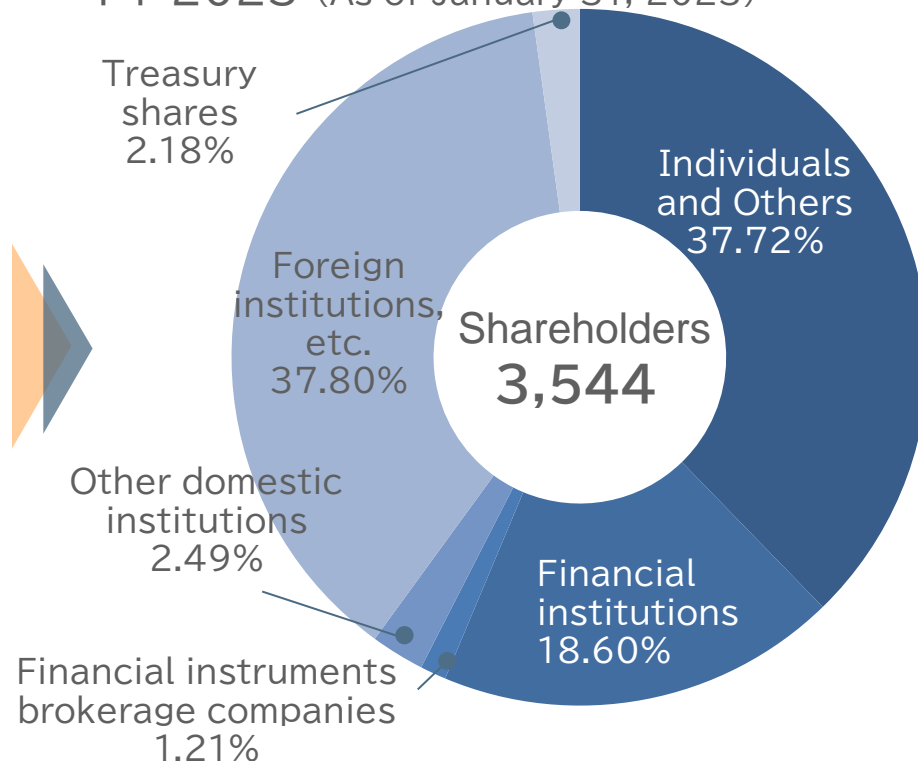
As of January 31, 2023
38,156,000

Stock Distribution by Shareholder

FY2022 (As of January 31, 2022)



FY 2023 (As of January 31, 2023)



(Note) Both graphs have been compiled based on the number of shares, excluding shares less than one unit.

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

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

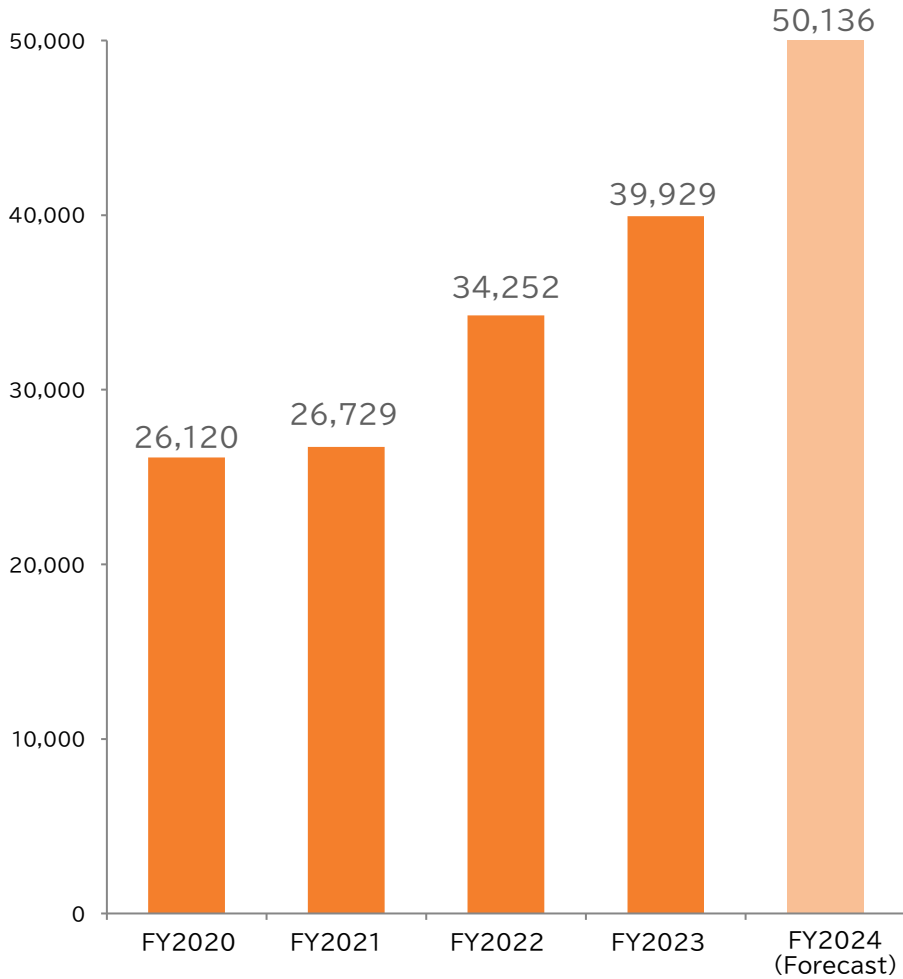
Units: ¥ million (Amounts less than ¥1 million omitted)

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

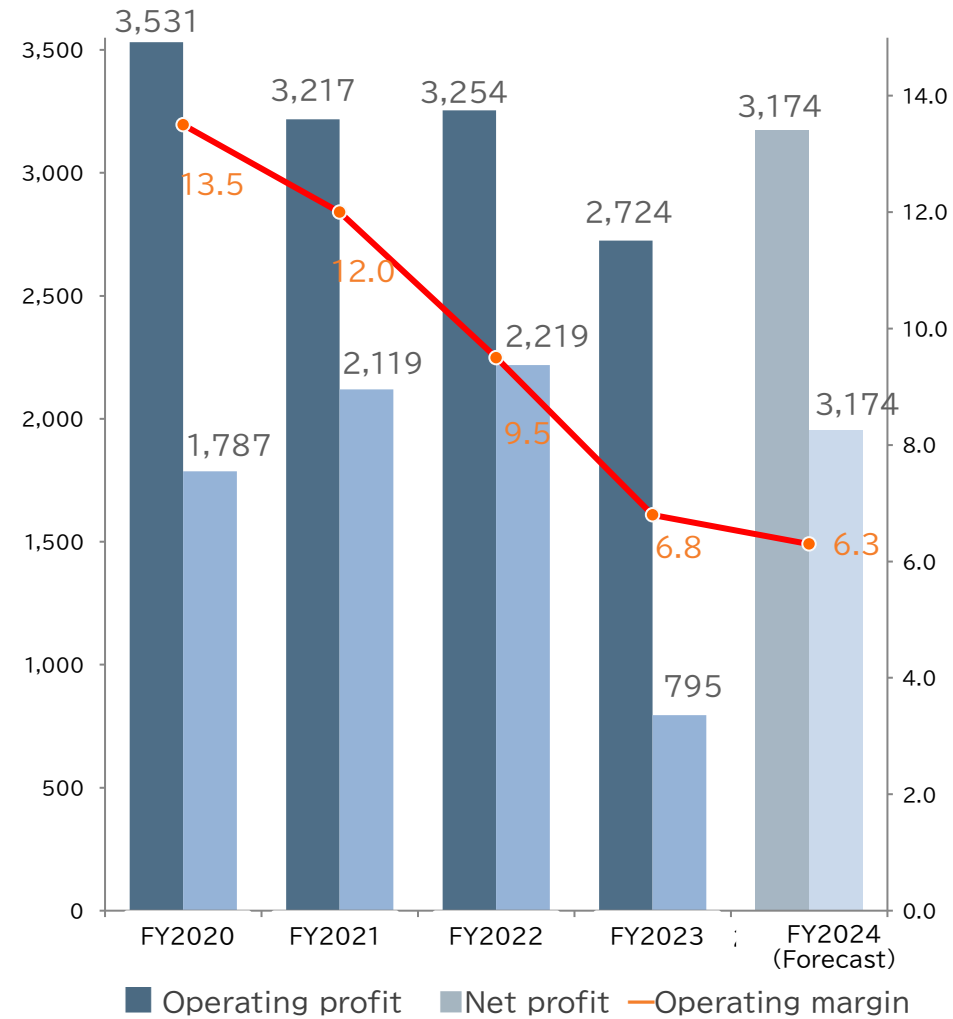
(Note) Percentages rounded down to one decimal place

2-2. Consolidated Fiscal Performance and Plan

Sales



Operating profit and net profit

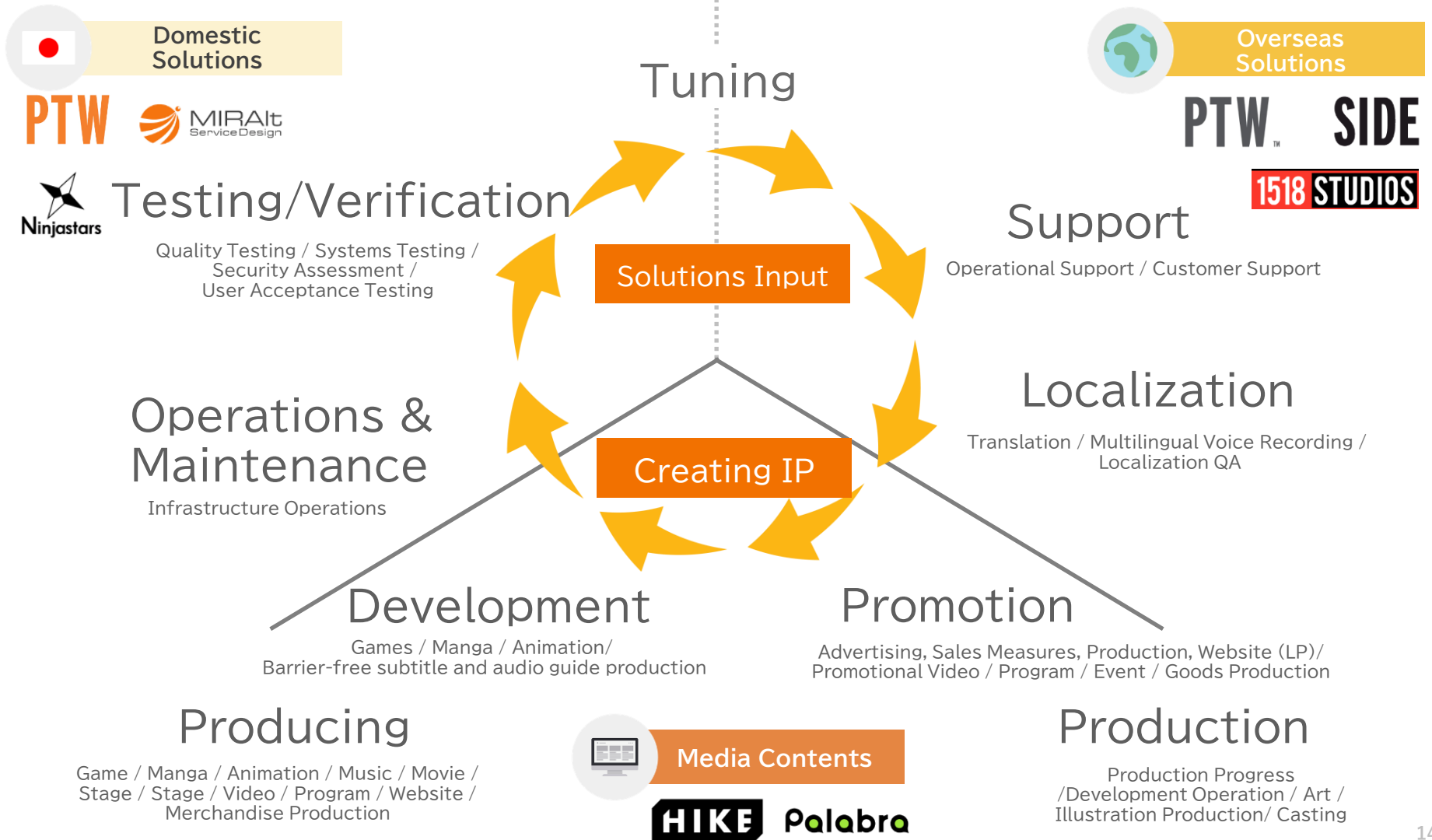


(Note) FY2024 estimates are forecasts disclosed on March 14, 2023.

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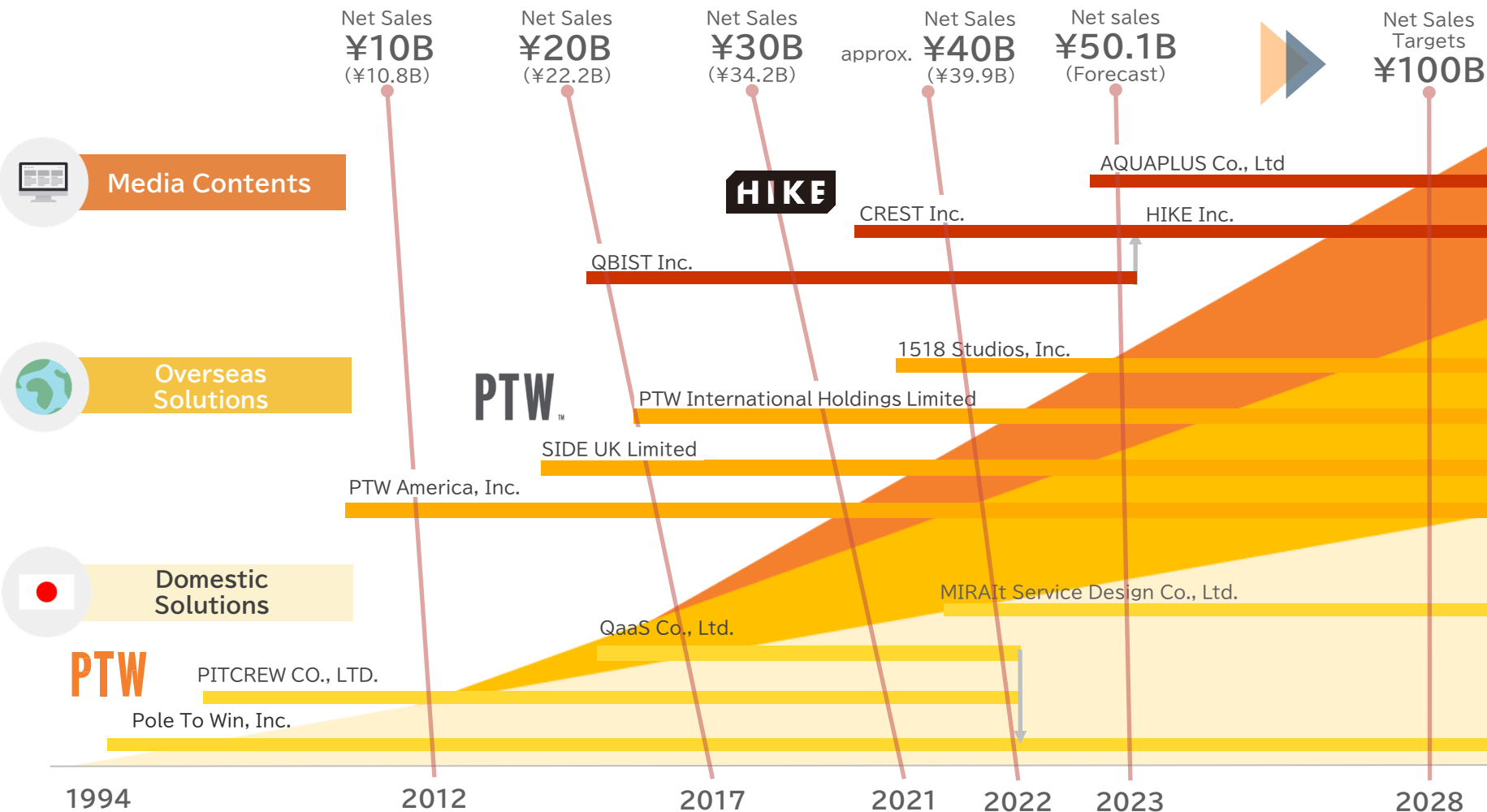
3-1. Characteristics of the Group's business

- Service Life Cycle Solutions = providing services demanded by clients in all directions.
- Investment in both core and new businesses creating a business expansion cycle that accelerates our growth.



3-2. Growth Image of the Group

- Steadily grow the Domestic and Overseas Solutions businesses as a core business and expand Media & Content business as a new business



(Note) The above is the history of major companies and does not include all group companies.

(Note) The above graph of consolidated net sales is an image only, and this does not guarantee above figures.

3-3. Utilization of M&A

- Actively utilize M&A for steady growth of core businesses and expansion of new businesses.
- Continue to promote M&A that fit into our group business expansion cycle

Service Category	Past Major M&A					
Domestic Solutions	 July 2012	 September 2012	 March 2018	 July 2021	 January 2022	
Overseas Solutions	 October 2012	 August 2015	 March 2016	 December 2019	 January 2021	 August 2021
Media Contents	 March 2010	 January 2015	 March 2019	 November 2019	 October 2020	 August 2021
				 November 2022	 December 2022	

3-4. Capital Policy Efforts (1)

- Prioritizing continuous growth investments and invest debt and equity in business with good balance.
- Aim for a dividend payout ratio of 25% and flexibly execute acquisition of treasury stocks.

Capital Policy Approach

- The equity ratio and net cash remained high until the fiscal year ended January 31, 2022.
- In the fiscal year ended January 31, 2023, due to the use of interest-bearing debt and acquisition of treasury share;
Equity Ratio: **from 78.0% to 64.4%** Net cash: **Decrease from ¥9,435M to ¥7,321M**
- Continuing efforts to improve ROE and shareholder returns to increase the corporate value.

Direction of Growth Investment

While generating operating cash flow,
the company invest debt and capital in business with good balance.

- Strengthening of management base:
Talent acquisition, digital transformation promotion and better working environment



Pole To Win Nagoya Center
Opened September 2022



Pole To Win Kyoto Center
Opened December 2022



Pole to Win Akihabara Center
Opened March 2023

- M&A for business growth and expansion: Growth in domestic & overseas solutions, expansion of Media Contents



SANETTY Produce Co., Ltd

Became a subsidiary in November 2022



AQUAPLUS Co., Ltd

Became a subsidiary in December 2022

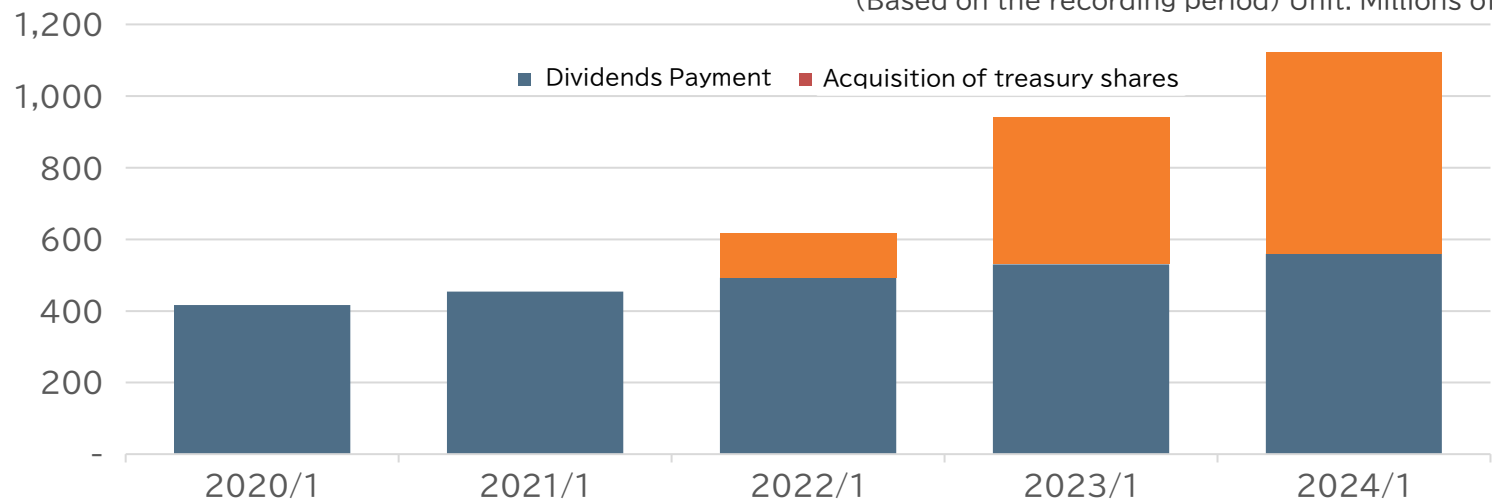
3-5. Capital Policy Efforts(2)

Shareholder Return Policy

Priority is given to investments for continued growth.

- Increase EPS and ROE by operating flexible acquisition of treasury shares with aiming for a dividend payout ratio of 25%.
- 938 million yen in returns for the fiscal year ended January 31, 2023, and 1,122 million yen in expected returns for the fiscal year ending January 31, 2024.

(Based on the recording period) Unit: Millions of yen



Dividends payment	416	454	492	528	559
Acquisition of treasury shares	—	—	125	410	563
Total	416	454	617	938	1,122
Total return ratio	23.3%	21.4%	27.8%	118.0%	57.5%
Cash dividends per share (yen)	12	13	14	15	16
Payout ratio	25.4%	23.2%	23.9%	70.8%	30.3%

(Note) The above 2024/1 is an estimate and we do not promise that it will turn out as described above.

(Note) The above cash dividend per share and payout ratio are based on the resolution period.

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4-1. Corporate Profile

(As of January 31, 2023)

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	
Capital	¥1,239.06Million	
Stock Exchange Securities Code	Tokyo Stock Exchange, Prime Market (Securities Code: 3657 Abbreviation: Pole HD)	
	Control and management of the business activities of the Group as a whole, comprising the Company and its 38 consolidated subsidiaries, and operations incidental or related thereto.	
Business Description	<p><Major Group Businesses></p> <p>Service Life Cycle Solutions Business</p> <ul style="list-style-type: none"> •Domestic Solutions •Overseas Solutions •Media Contents 	
Consolidated Financial Results	Net Sales: ¥39,929.25M	No. of Employees (Consolidated Basis):7,287
	Ordinary Profit: ¥2,689.11M	(Number of full-time employees: 2,998)
	Net Profit: ¥795.11M	

4-2. Corporate Slogan



Integrating People and
Technology
To Solve Customer Issues

Seize The New

The corporate slogan "Seize The New", is based on the Western proverb "seize the day" (enjoy the moment), and we would like to convey the message "Let's continue to think and shape the future."

The worldwide market conditions are constantly changing. We will continue to expand our possibilities without stopping to think and take on new challenges while making the best decisions from among the possible options available to us.

4-3. Group Composition (38 Consolidated Subsidiaries)

(As of January 31, 2023)

Pole To Win Holdings, Inc.



Domestic Solutions

Pole To Win, Inc.

MSD Holdings Inc.
MIRAIt Service Design Co., Ltd.
Ninjastars Inc.

PTW Japan Co., Ltd.

Delfi Sound Co., Ltd.



Overseas Solutions

PTW International Holdings Limited

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



Media Contents

QBIST Inc.

Panda Graphics TAIWAN INC.
Panda Graphics(Shanghai) Technology Co., Ltd.

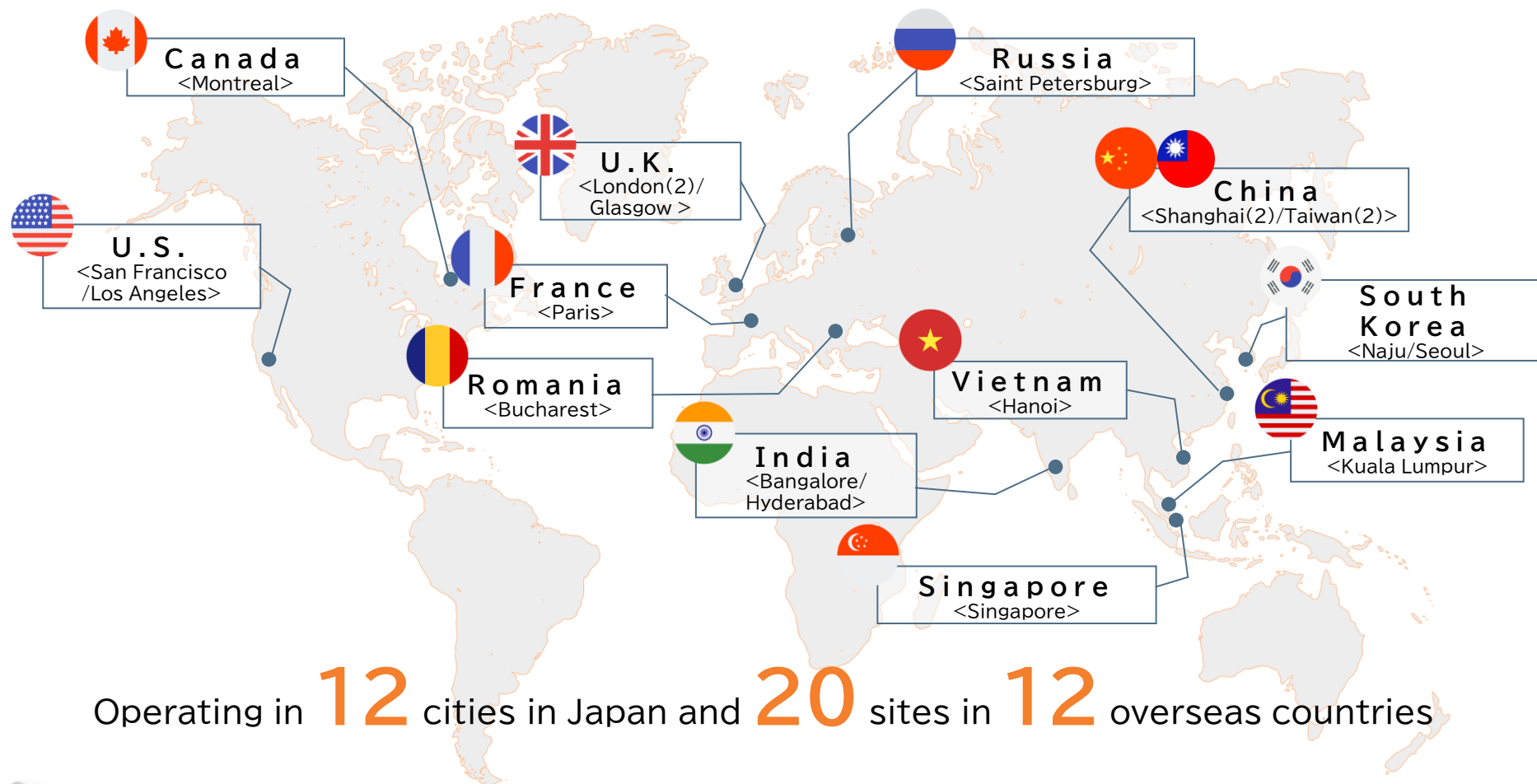
CREST Inc.

CREST JOB Inc.
CREST company Inc.
SANETTY Produce Co., Ltd.
AQUAPLUS Co., Ltd
FIXRECORDS Co., Ltd

Palabra Inc.

4-4. Business Sites

(As of January 31, 2023)



Operating in **12** cities in Japan and **20** sites in **12** overseas countries

Domestic locations:
 Sapporo / Hachinohe / Sendai / Niigata / Tokyo / Kofu / Nagoya / Gifu / Kyoto / Osaka /
 Kitakyushu / Hakata

(Note) Excluding countries and offices that are registered only.

- 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.