



September 4, 2020

**Consolidated Financial Results**  
**For the Six Months Ended July 31, 2020**  
 (Japanese Accounting Standards)

Name of the Listed Company: **Poletowin Pitcrew Holdings, Inc.**  
 Listing: First Section of Tokyo Stock Exchange  
 Stock code: 3657  
 URL: <https://www.poletowin-pitcrew-holdings.co.jp>  
 Representative: Teppei Tachibana, President & CEO  
 Contact Person: Joji Yamauchi, Director & CFO  
 Tel: +81-3-5909-7911

Scheduled date to file Quarterly Securities Report: September 10, 2020  
 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 six months ended July 31, 2020**  
**(from February 1, 2020 to July 31, 2020)**

**(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	%
Six months ended								
July 31, 2020	12,399	-0.0	1,276	-20.8	1,474	-4.4	903	-5.3
July 31, 2019	12,402	5.7	1,612	9.3	1,542	7.7	954	13.7

(Note) Comprehensive income

Six months ended July 31, 2020: ¥592 million / -35.3 %

Six months ended July 31, 2019: ¥915 million / 27.9 %

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
July 31, 2020	23.88	23.86
July 31, 2019	25.23	25.20

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
July 31, 2020	18,759	14,461	76.8
January 31, 2020	17,763	14,320	80.1

(Reference) Equity

As of July 31, 2020 : ¥14,409million

As of January 31, 2020 : ¥14,230 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, 2020	–	0.00	–	12.00	12.00
Fiscal year ending January 31, 2021	–	0.00			
Fiscal year ending January 31, 2021 (Forecasts)			–	13.00	13.00

(Notes) Change in dividend forecasts for the fiscal year ending January 31, 2021 during the six months ended July 31, 2020: No

## 3. Consolidated financial forecasts for the fiscal year ending January 31, 2021

(from February 1, 2020 to January 31, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending January 31, 2021	28,744	10.0	3,587	1.6	3,576	2.9	2,341	30.9	61.41

(Note) Change in financial forecasts for the fiscal year ending January 31, 2021 during the six months ended July 31, 2020: No

\* Notes:

- (1) Changes in significant subsidiaries during the six months ended July 31, 2020 (changes in specified subsidiaries resulting in a change in the scope of consolidation) : No
- (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 : No
  - b. Changes in accounting policies due to reasons other than a. above : No
  - c. Changes in accounting estimates : No
  - d. Restatement of revisions : No
- (4) Number of common shares issued
  - a. Total number of issued shares at the end of the period (including treasury stock)
    - As of July 31, 2020 : 38,124,000 shares
    - As of January 31, 2020 : 38,120,800 shares
  - b. Number of shares of treasury stock at the end of the period
    - As of July 31, 2020 : 269,734 shares
    - As of January 31, 2020 : 272,934 shares
  - c. Average number of shares (Cumulative)
    - For the six months ended July 31, 2020 : 37,851,813 shares
    - For the six months ended July 31, 2019 : 37,846,695 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. The Company intends on posting briefing video and material on the Company's website.

## 1. Qualitative Information on Financial Results

### (1) Analysis of Operating Results

During the second quarter of the consolidated fiscal year under review, conditions for the Japanese economy are expected to continue to pick up as social and economic activity stages are gradually raised, various policies are effective and preventive measures are taken against COVID-19. However, both Japanese and overseas economy warrant close attention towards impact of COVID-19. The impact on economic and financial market due to the torrential rainfalls in July also warrant close attention.

Under these economic conditions, Poletowin Pitcrew Holdings Group's core Testing/Verification & Evaluation Business saw order expansion for testing in multiple languages, localization, audio recording and customer support. This is because the related market for this segment is home game software and social games market and recently global deployment is main trend. Also, in order to prevent spread of COVID-19, the number of people staying at home increased therefore the number of daily active user (DAU) also increased, thus resulting in expansion of game market.

For Internet Supporting Business, as the Japanese government is promoting cashless economy, the demands for anti-infringement monitoring for QR code mobile payment, identification verification, detection of anti-money laundering and spoofing related services increased. Likewise Testing/Verification & Evaluation Business as the number of people staying at home increased, E-commerce expanded thus resulting in pushing up demand for monitoring check of regulation violation for exhibited merchandise, the review of Internet advertising based on the Pharmaceuticals and Medical Devices Act, the Act against Unjustifiable Premiums and Misleading Representations, and end-user inquiries. The Group provides checking, testing, monitoring and inspection services that requires human input on a contractual basis to corporate clients. The demand for such outsourcing services has been growing as client's business has diversified and have expanded overseas. Another reason behind this is that business processes have become more advanced and sophisticated. As new services are created in the market, both Testing/Verification & Evaluation Business and Internet Supporting Business, are seeing new business opportunities.

During the second quarter of the consolidated fiscal year under review, the Group operated joint ventures for game development, management, publishing etc., and formed capital and business alliance with ViSUALIZE Co. Ltd in February, in order to receive profit distribution. Pole To Win Co., Ltd. absorbed and merged with its wholly owned subsidiary Pole To Win Networks Co., Ltd. in February, in order to aggregate and consolidate domestic Testing/Verification & Evaluation Business and improve service for clients. PTW International Holdings Limited newly established PTW Japan Co., Ltd. in February, in order to specially support domestic clients wanting to globally expand their business. Collaboration has stepped up between seventeen delivery centers in ten countries The Group promoted to globally provide a one-stop, full service platform in areas such as defect detection (finding bugs), localization, audio recording, game development & marketing support, internet monitoring, and customer support.

As a result of these factors, consolidated net sales for the term were ¥12,399,500 thousand (down 0.0%). Operating profit was ¥1,276,424 thousand (down 20.8%). Ordinary profit was ¥1,474,675 thousand (down 4.4%) and Profit attributable to owners of parent was ¥903,966 thousand (down 5.3%). For further information on impact of COVID-19 please see (3) Qualitative Information on Consolidated Earnings Forecasts.

Results by segment were as follows.

#### **Testing/Verification & Evaluation Business**

By promoting collaboration between domestic and overseas group companies the group strived to support global deployment for domestic and foreign game makers, and promoted orders for outsourcing services such as defect detection, localization customer support (overseas) and voice recording, etc. for game software developers. In game market, business with overseas local companies increased and in non-game market orders for third party verification services increased. Due to COVID-19, some customer company's business was suspended or pushed back. CREST Inc. launched a game, "ARIA CHRONICLE" on Steam in July. The game had 10,000 downloads within 2 days of launch and is planning on having distribution on Nintendo Switch. During the first quarter of the consolidated fiscal year under review, PTW Japan Co., Ltd. (On February 3<sup>rd</sup>, 2020, PTW Japan Co., Ltd. was newly established by incorporation-type split with Pole To Win Co., Ltd., a consolidated subsidiary of the Group, as the splitting company.) and ENTALIZE CO., LTD. changed the fiscal year to December 31st, thus for both companies the consolidated financial statements reflects only the five months of February to June. As a result, Testing/Verification & Evaluation Business sales decreased by 1.3% year on year, to ¥9,243,455 thousand. Operating profit decreased by 25.2%, to ¥1,090,897 thousand.

### **Internet Supporting Business**

In the Internet Supporting Business, the Group increased orders for monitoring fraud for FinTech related services such as QR code settlement and virtual currency. Services related to identity verification, detection of anti-money laundering and spoofing also increased orders. Also, as people who stayed at home increased and usage of E-commerce sites also increased, thus resulting in pushing up demand for monitoring exhibited merchandise for regulation violation, outsourcing services such as customer support (domestic) services for end-users by phone call, e-mail, chat and chatbot for E-commerce sites. Collaborating sales activities with Testing/Verification & Evaluation Business enhanced business in customer support in game market. As a result, Internet Supporting Business sales increased by 4.7%, to ¥3,055,371 thousand. Operating profit increased by 96.4%, to ¥227,837 thousand.

### **Others**

Palabra Inc. provide services to produce barrier-free subtitles audio guides for television program and movies to prepare for the advent of barrier-free motion pictures. Due to COVID-19, new production of movies was retained and orders saw decrease. IMAid Inc. provides support services such as visa obtainment, school enrollment and daily life procedures for foreign personnel working in medical institutes. The sales resulted in a decrease of 14.6% to ¥100,672 thousand and operating loss of ¥68,071 thousand, down from operating loss of ¥2,524 thousand a year earlier.

## **(2) Analysis of Financial Position**

### **Total Assets**

Current assets increased by ¥935,702 thousand or 6.4% from the previous fiscal year-end, to ¥15,641,030 thousand. This was mainly attributable to an increase of ¥434,889 thousand in cash and deposits, and ¥448,864 thousand in other current assets (mainly accounts receivable-other).

Non-current assets increased by ¥60,328 thousand, or 2.0% from the previous fiscal year-end, to ¥3,118,847 thousand. The key factor was an increase of ¥200,000 thousand in other of intangible assets (copyrights, etc.), but offset by a decrease of ¥155,195 thousand in goodwill.

As a result, total assets increased by ¥996,030 thousand, or 5.6% from the previous fiscal year-end, to ¥18,759,878 thousand.

### **Liabilities**

Current liabilities increased by ¥901,506 thousand, or 28.6% from the previous fiscal year-end, to ¥4,048,407 thousand. The key factors were rises of ¥494,624 thousand in short-term borrowings, of ¥150,216 thousand in accrued expenses, and ¥247,535 thousand in income taxes payable.

Non-current liabilities decreased by ¥46,398 thousand, or 15.7% from the previous fiscal year-end, to ¥249,918 thousand. This was mainly due to decrease of ¥55,377 thousand in deferred tax liabilities.

As a result, total liabilities increased by ¥855,108 thousand, or 24.8% from the end of the previous fiscal year-end, to ¥4,298,326 thousand.

### **Net assets**

Net assets increased by ¥140,922 thousand or 1.0% from the previous fiscal year-end, to ¥14,461,552 thousand. This was mainly because there was a ¥449,792 thousand increase of retained earnings for profit attributable to owners of parent and dividend payment, offset by decrease in ¥111,109 thousand in valuation difference on available-for-sale securities and ¥162,697 thousand in foreign currency translation adjustment.

### **(3) Qualitative Information on Consolidated Earnings Forecasts**

During the second quarter of the consolidated fiscal year under review, state of emergency declaration or lockdowns was issued in many countries due to COVID-19. Many of the group's overseas subsidiaries continued business from WFH (work from home). The domestic subsidiaries continued business while taking prevention measures with some businesses continuing WFH. Although some businesses saw order increase as the number of people who stayed at home also increased, on the other hand some businesses saw cancellation or order delays. Therefore, for the forecast for second quarter of the consolidated fiscal year under review, both revenues and earnings were not achieved. For third quarter and onward, as games, apps and amusement equipment, etc. development may see delay or cancellation for the Group's clients, and there is possibility that the Group may also be impacted by this. But in turn, when development re-starts there is chance that the Group may receive orders pushed back than originally expected. Again, orders for defect detection and customer support for existing operating game contents, monitoring fraud activity for E-commerce and QR code settlement etc. remains strong, and in perspective with disclosure standards defined by the Tokyo Stock Exchange, management retained the consolidated earnings forecasts that it disclosed on March 12, 2020.

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)

	Fiscal 2020 (As of January 31, 2020)	2Q Fiscal 2021 (As of July 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	10,514,170	10,949,060
Notes and accounts receivable - trade	3,669,689	3,646,688
Merchandise and finished goods	8,009	7,012
Work in process	63,797	145,395
Other	453,236	902,100
Allowance for doubtful accounts	(3,575)	(9,227)
Total current assets	14,705,328	15,641,030
Non-current assets		
Property, plant and equipment		
Buildings and structures	878,691	888,933
Accumulated depreciation	(479,298)	(503,027)
Buildings and structures, net	399,393	385,905
Machinery, equipment and vehicles	23,065	23,027
Accumulated depreciation	(14,180)	(14,969)
Machinery, equipment and vehicles, net	8,884	8,057
Tools, furniture and fixtures	1,470,181	1,515,643
Accumulated depreciation	(1,159,574)	(1,199,712)
Tools, furniture and fixtures, net	310,606	315,931
Total property, plant and equipment	718,885	709,894
Intangible assets		
Goodwill	725,510	570,315
Software	153,066	174,946
Other intangible assets	27,229	3,592
Other	2,395	202,395
Total intangible assets	908,202	951,249
Investments and other assets		
Investment securities	587,131	592,202
Leasehold and guarantee deposits	575,098	623,984
Deferred tax assets	170,172	171,786
Other	175,423	176,424
Allowance for doubtful accounts	(76,394)	(106,694)
Total investments and other assets	1,431,432	1,457,703
Total non-current assets	3,058,519	3,118,847
Total assets	17,763,847	18,759,878

(Thousands of yen)

	Fiscal 2020 (As of January 31, 2020)	2Q Fiscal 2021 (As of July 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	10,299	504,924
Current portion of long-term borrowings	6,536	7,620
Accounts payable - other	1,725,334	1,687,197
Accrued expenses	158,241	308,457
Income taxes payable	387,666	635,202
Provision for bonuses	30,458	84,661
Other	828,363	820,344
Total current liabilities	3,146,901	4,048,407
Non-current liabilities		
Long-term borrowings	41,924	37,673
Retirement benefit liability	76,303	84,154
Deferred tax liabilities	93,066	37,689
Other	85,022	90,401
Total non-current liabilities	296,316	249,918
Total liabilities	3,443,217	4,298,326
Net assets		
Shareholders' equity		
Share capital	1,237,674	1,237,800
Capital surplus	2,377,916	2,378,635
Retained earnings	10,706,356	11,156,148
Treasury shares	(169,686)	(167,696)
Total shareholders' equity	14,152,260	14,604,887
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	163,869	52,759
Foreign currency translation adjustment	(85,133)	(247,830)
Total accumulated other comprehensive income	78,735	(195,071)
Non-controlling interests	89,633	51,735
Total net assets	14,320,629	14,461,552
Total liabilities and net assets	17,763,847	18,759,878

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income (Six-month period ended July 31, 2020)**

(Thousands of yen)

	Six months ended July 31, 2019	Six months ended July 31, 2020
Net sales	12,402,196	12,399,500
Cost of sales	8,581,575	8,822,126
Gross profit	3,820,620	3,577,373
Selling, general and administrative expenses	2,208,511	2,300,948
Operating profit	1,612,109	1,276,424
Non-operating income		
Foreign exchange gains	—	39,432
Subsidy income	11,117	46,668
Surrender value of insurance policies	1,393	106,643
Other	14,470	9,693
Total non-operating income	26,981	202,437
Non-operating expenses		
Interest expenses	—	1,246
Foreign exchange losses	86,202	—
Share of loss of entities accounted for using equity method	9,006	—
Other	1,552	2,939
Total non-operating expenses	96,761	4,186
Ordinary profit	1,542,329	1,474,675
Profit before income taxes	1,542,329	1,474,675
Income taxes	587,568	608,404
Profit	954,761	866,270
Loss attributable to non-controlling interests	—	(37,695)
Profit attributable to owners of parent	954,761	903,966



## Consolidated Statement of Comprehensive Income (Six-month period ended July 31, 2020)

(Thousands of yen)

	Six months ended July 31, 2019	Six months ended July 31, 2020
Profit	954,761	866,270
Other comprehensive income		
Valuation difference on available-for-sale securities	1,185	(111,109)
Foreign currency translation adjustment	(40,540)	(162,899)
Total other comprehensive income	(39,354)	(274,009)
Comprehensive income	915,406	592,261
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	915,406	630,159
Comprehensive income attributable to non-controlling interests	—	(37,897)

### (3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended July 31, 2019	Six months ended July 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,542,329	1,474,675
Depreciation	167,723	175,900
Amortization of goodwill	128,949	130,307
Increase (decrease) in allowance for doubtful accounts	15,632	53,243
Increase (decrease) in provision for bonuses	44,840	55,694
Increase (decrease) in retirement benefit liability	14,116	7,851
Interest and dividend income	(1,445)	(1,343)
Surrender value of insurance policies	—	(106,643)
Share of loss (profit) of entities accounted for using equity method	9,006	—
Interest expenses	—	1,246
Foreign exchange losses (gains)	21,484	(390)
Decrease (increase) in trade receivables	(770,886)	(77,973)
Decrease (increase) in accounts receivable - other	355	(38,181)
Increase (decrease) in accounts payable - other	170,455	(78,497)
Increase (decrease) in accrued expenses	81,196	156,556
Increase (decrease) in accrued consumption taxes	(37,568)	(31,763)
Increase (decrease) in deposits received	68,275	(150,034)
Other, net	(20,965)	(310,925)
Subtotal	1,433,500	1,259,724
Interest and dividends received	1,211	505
Interest paid	—	(889)
Income taxes paid	(429,186)	(436,275)
Net cash provided by (used in) operating activities	1,005,525	823,064
Cash flows from investing activities		
Purchase of property, plant and equipment	(101,854)	(133,208)
Proceeds from sales of property, plant and equipment	1,818	—
Purchase of intangible assets	(12,776)	(147,643)
Purchase of investment securities	(100,112)	(185,907)
Loan advances	(14,518)	(1,283)
Collection of loans receivable	15,695	5,961
Payments of leasehold and guarantee deposits	(34,498)	(80,023)
Proceeds from refund of leasehold and guarantee deposits	8,522	4,353
Other, net	—	135,314
Net cash provided by (used in) investing activities	(237,724)	(402,437)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	—	494,644
Repayments of long-term borrowings	—	(2,708)
Proceeds from issuance of shares	—	252
Dividends paid	(416,311)	(454,174)
Net cash provided by (used in) financing activities	(416,311)	38,014
Effect of exchange rate change on cash and cash equivalents	(57,329)	(23,752)
Net increase (decrease) in cash and cash equivalents	294,159	434,889
Cash and cash equivalents at beginning of period	9,345,965	10,514,170
Cash and cash equivalents at end of period	9,640,125	10,949,060

#### **(4) Notes to Consolidated Financial Statements**

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(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 second quarter under review, multiplying quarterly income before income taxes and minority interests by the relevant estimated effective tax rate.

**(Segment Information)**

1. Six months ended July 31, 2019 (from February 1, 2019 to July 31, 2019)

(1) Net sales and income (loss) by reporting segment

(Thousands of yen)

	Reporting segment			Others* <sup>1</sup>	Total	Adjustments* <sup>2</sup>	Per quarterly consolidated financial statements* <sup>3</sup>
	Testing/Verification & Evaluation Business	Internet Supporting Business	Total				
Sales							
Revenues from external customers	9,365,693	2,918,630	12,284,323	117,873	12,402,196	—	12,402,196
Transactions with other segments	2,428	19,053	21,482	154	21,636	(21,636)	—
Net sales	9,368,122	2,937,683	12,305,805	118,027	12,423,833	(21,636)	12,402,196
Segment profit (loss)	1,459,230	116,004	1,575,235	(2,524)	1,572,710	39,399	1,612,109

- \*Notes: 1. Others covers operations not included in reporting segments, and mainly encompasses the publishing, media and medical related businesses.  
2. Adjustment for segment profit (loss) of ¥39,399 thousand comprises elimination of intersegment transactions of ¥394,452 thousand and unallocated corporate expenses of - ¥355,053 thousand. Unallocated corporate expenses are mainly general administrative expenses.  
3. Segment profit (loss) is adjusted against the operating profit recorded in the consolidated statements of income.

(2) Information regarding impairment losses on fixed assets and goodwill by reporting segment

Not applicable

2. Six months ended July 31, 2020 (from February 1, 2020 to July 31, 2020)

(1) Net sales and income (loss) by reporting segment

(Thousands of yen)

	Reporting segment			Others* <sup>1</sup>	Total	Adjustments* <sup>2</sup>	Per quarterly consolidated financial statements* <sup>3</sup>
	Testing/Verification & Evaluation Business	Internet Supporting Business	Total				
Sales							
Revenues from external customers	9,243,455	3,055,371	12,298,827	100,672	12,399,500	—	12,399,500
Transactions with other segments	—	97,307	97,307	—	97,307	(97,307)	—
Net sales	9,243,455	3,152,679	12,396,135	100,672	12,496,807	(97,307)	12,399,500
Segment profit (loss)	1,090,897	227,837	1,318,734	(68,071)	1,250,662	25,761	1,276,424

- \*Notes: 1. Others covers operations not included in reporting segments, and mainly encompasses the publishing, media and medical personnel related businesses.  
2. Adjustment for segment profit (loss) of ¥25,761 thousand comprises elimination of intersegment transactions of ¥366,514 thousand and unallocated corporate expenses of - ¥340,752 thousand. Unallocated corporate expenses are mainly general administrative expenses.  
3. Segment profit (loss) is adjusted against the operating profit recorded in the consolidated statements of income.

(2) Information regarding impairment losses on fixed assets and goodwill by reporting segment

Not applicable