



June 4, 2021

## Consolidated Financial Results For the Three Months Ended April 30, 2021

(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: June 10, 2021

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 three months ended April 30, 2021 (from February 1, 2021 to April 30, 2021)

#### (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	%
Three months ended								
April 30, 2021	8,015	26.6	830	36.9	857	31.7	530	38.3
April 30, 2020	6,332	4.6	606	(20.1)	651	(6.9)	383	(7.4)

(Note) Comprehensive income

Three months ended April 30, 2021: ¥814 million / 708.0 %

Three months ended April 30, 2020: ¥100 million / (79.1) %

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
April 30, 2021	14.00	—
April 30, 2020	10.13	10.13

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
April 30, 2021	20,453	15,997	78.2
January 31, 2021	20,389	15,675	76.9

(Reference) Equity

As of April 30, 2021 : ¥15,997 million

As of January 31, 2021 : ¥15,671 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, 2021	–	0.00	–	13.00	13.00
Fiscal year ending January 31, 2022	–				
Fiscal year ending January 31, 2022 (Forecasts)		0.00	–	14.00	14.00

(Notes) Change in dividend forecasts for the fiscal year ending January 31, 2022 during the three months ended April 30, 2021: No

## 3. Consolidated financial forecasts for the fiscal year ending January 31, 2022

(from February 1, 2021 to January 31, 2022)

(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
Six months ending July 31, 2021	14,426	16.4	1,388	8.8	1,359	(7.8)	791	(12.5)	20.74
Fiscal year ending January 31, 2022	30,077	12.5	3,452	7.3	3,392	(5.7)	2,123	0.2	55.66

(Note) Change in financial forecasts for the fiscal year ending January 31, 2022 during the three months ended April 30, 2021: No

\* Notes:

(1) Changes in significant subsidiaries during the three months ended April 30, 2021 (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 April 30, 2021 : 38,156,000 shares

As of January 31, 2021 : 38,156,000 shares

b. Number of shares of treasury stock at the end of the period

As of April 30, 2021 : 269,802 shares

As of January 31, 2021 : 269,734 shares

c. Average number of shares (Cumulative)

For the three months ended April 30, 2021 : 37,886,265 shares

For the three months ended April 30, 2020 : 37,850,053 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 5 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.

## 1. Qualitative Information on Financial Results

### (1) Analysis of Operating Results

During the first quarter of the consolidated fiscal year under review, conditions for the Japanese economy are expected to continue to pick up as various policies are effective and overseas economics are recovering and preventive measures are taken against COVID-19. However, both domestic and overseas impact of COVID-19 and financial & capital market warrant close attention. Under these economic conditions, for Poletowin Pitcrew Holdings Group's core Testing/Verification & Evaluation Business, the number of people staying at home increased due to global COVID-19, and both game software & hardware market expanded. For Internet Supporting Business, non-face-to-face & non-contact services such as E-commerce and cashless economy market expanded. Again, due to COVID-19, demand for online school classes increased and the government's GIGA School Project continues to grow in importance. 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 first quarter of the consolidated fiscal year under review, the Group's headquarter was relocated to expand floor space. Also, the administration and sales division of the Group's main business subsidiaries were integrated to this headquarter. In March, Poletowin Pitcrew Holdings, Inc. absorbed and merged with its wholly owned subsidiary Pacer CO., Ltd. in order to enhance business efficiency. In February, Pole To Win Co., Ltd. transferred game tuning and game development support related business to CREST Inc. in order to enhance media and content related business. In April, both QBIST Inc. and CREST Inc. relocated head office into the same building in order to enhance synergy in media content related business. Collaboration has stepped up between eighteen 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 ¥8,015,783 thousand (up 26.6%). Operating profit was ¥830,261 thousand (up 36.9%). Ordinary profit was ¥857,993 thousand (up 31.7%) and Profit attributable to owners of parent was ¥530,478 thousand (up 38.3%).

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. QaaS Co., Ltd. received order increase for third-party verification services in non-game market. Pole To Win Co., Ltd. received orders to create ICT environment at schools for the government's GIGA School Project. Specifically, preparing kitting service for tablets. CREST Inc. produced and acted as lead management for TV animation "Seven Nights Revolution". From the first quarter of the consolidated fiscal year under review, the business performance of the Group's newly consolidated U.S.A. subsidiary, 1518 Studios, Inc. is included. As a result, Testing/Verification & Evaluation Business sales increased by 29.4% year on year, to ¥ 6,135,916 thousand, operating profit increased by 16.1%, to ¥649,467 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. Collaborating sales activities with Testing/Verification & Evaluation Business enhanced business for customer support in the game market. PITCREW CO., LTD. also received orders to develop ICT environment at schools for the government's GIGA School Project. Specifically, to provide services related to design ICT environment. As a result, Internet Supporting Business sales increased by 16.2%, to ¥1,762,225 thousand. Operating profit increased by 81.4%, to ¥184,996 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. 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 increase of 60.4% to ¥117,642 thousand and operating profit of ¥4,487 thousand, up from operating loss of ¥52,302 thousand a year earlier.

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

### **Total Assets**

Current assets decreased by ¥703,437 thousand or 4.1% from the previous fiscal year-end, to ¥ 16,399,111 thousand. This was mainly attributable to an increase of ¥114,245 thousand in notes and accounts receivable-trade but was offset by decrease of ¥782,426 thousand in cash and deposits.

Non-current assets increased by ¥767,625 thousand, or 23.4% from the previous fiscal year-end, to ¥4,054,402 thousand. The key factor was an increase of ¥584,839 thousand in goodwill.

As a result, total assets increased by ¥64,187 thousand or 0.3% from the previous fiscal year-end, to ¥20,453,513 thousand.

### **Liabilities**

Current liabilities decreased by ¥271,469 thousand or 6.1% from the previous fiscal year-end, to ¥4,182,537 thousand. The key factors were increase of ¥277,089 thousand in accounts payable-other but offset by decrease of ¥607,568 thousand of income taxes payable and ¥119,808 thousand in other current liabilities (mainly advance received).

Non-current liabilities increased by ¥13,255 thousand or 5.1% from the previous fiscal year-end, to ¥273,484 thousand. This was mainly due to increase of ¥5,699 thousand in retirement benefit liability and ¥6,536 thousand in other non-current liabilities (mainly provision for loss on guarantees). As a result, total liabilities decreased by ¥258,213 thousand or 5.5% from the end of the previous fiscal year-end, to ¥4,456,022 thousand.

### **Net assets**

Net assets increased by ¥322,401 thousand or 2.1% from the previous fiscal year-end, to ¥15,997,491 thousand. This was mainly because there was increase of ¥37,957 thousand in retained earnings for profit attributable to owners of parent and dividend payment and increase of ¥270,681 thousand in foreign currency translation adjustment.

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

Both revenues and earnings were broadly on target in the period under review. In the second quarter, therefore, management expects to generally remain on target, and has therefore retained the consolidated earnings forecasts that it disclosed on March 15, 2021. 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, 2021	As of April 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	11,158,548	10,376,121
Notes and accounts receivable - trade	4,504,541	4,618,786
Merchandise and finished goods	861	400
Work in process	172,920	140,025
Other	1,308,165	1,309,746
Allowance for doubtful accounts	(42,488)	(45,969)
Total current assets	17,102,548	16,399,111
Non-current assets		
Property, plant and equipment		
Buildings and structures	893,190	994,063
Accumulated depreciation	(544,376)	(578,426)
Buildings and structures, net	348,814	415,636
Machinery, equipment and vehicles	23,081	23,324
Accumulated depreciation	(15,860)	(16,360)
Machinery, equipment and vehicles, net	7,221	6,964
Tools, furniture and fixtures	1,616,860	1,780,343
Accumulated depreciation	(1,294,048)	(1,395,387)
Tools, furniture and fixtures, net	322,812	384,955
Other	15,306	10,441
Total property, plant and equipment	694,154	817,997
Intangible assets		
Goodwill	511,654	1,096,494
Software	225,961	234,718
Other	202,538	202,576
Total intangible assets	940,155	1,533,790
Investments and other assets		
Investment securities	654,071	744,330
Leasehold and guarantee deposits	751,910	715,200
Deferred tax assets	195,008	199,237
Other	128,470	142,939
Allowance for doubtful accounts	(76,994)	(99,094)
Total investments and other assets	1,652,466	1,702,614
Total non-current assets	3,286,776	4,054,402
Total assets	20,389,325	20,453,513

(Thousands of yen)

	As of January 31, 2021	As of April 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term borrowings	4,540	1,820
Current portion of long-term borrowings	7,620	7,620
Accounts payable - other	2,067,679	2,344,769
Accrued expenses	216,301	307,154
Income taxes payable	970,324	362,755
Provision for bonuses	56,339	147,024
Other	1,131,201	1,011,393
<b>Total current liabilities</b>	<b>4,454,007</b>	<b>4,182,537</b>
<b>Non-current liabilities</b>		
Long-term borrowings	34,365	32,711
Retirement benefit liability	96,572	102,272
Deferred tax liabilities	31,950	34,624
Other	97,340	103,877
<b>Total non-current liabilities</b>	<b>260,228</b>	<b>273,484</b>
<b>Total liabilities</b>	<b>4,714,236</b>	<b>4,456,022</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,239,064	1,239,064
Capital surplus	2,379,899	2,379,899
Retained earnings	12,372,175	12,410,132
Treasury shares	(167,696)	(167,784)
<b>Total shareholders' equity</b>	<b>15,823,442</b>	<b>15,861,311</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	48,373	66,174
Foreign currency translation adjustment	(200,676)	70,005
<b>Total accumulated other comprehensive income</b>	<b>(152,303)</b>	<b>136,179</b>
<b>Non-controlling interests</b>	<b>3,950</b>	<b>—</b>
<b>Total net assets</b>	<b>15,675,089</b>	<b>15,997,491</b>
<b>Total liabilities and net assets</b>	<b>20,389,325</b>	<b>20,453,513</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income (Three-month period ended April 30, 2021)**

(Thousands of yen)

	Three months ended April 30, 2020	Three months ended April 30, 2021
Net sales	6,332,309	8,015,783
Cost of sales	4,511,898	5,784,909
Gross profit	1,820,410	2,230,874
Selling, general and administrative expenses	1,214,150	1,400,612
Operating profit	606,260	830,261
Non-operating income		
Foreign exchange gains	31,788	—
Subsidy income	10,817	42,957
Other	4,981	4,399
Total non-operating income	47,587	47,356
Non-operating expenses		
Interest expenses	502	268
Foreign exchange losses	—	2,089
Share of loss of entities accounted for using equity method	—	12,780
Other	1,817	4,485
Total non-operating expenses	2,320	19,624
Ordinary profit	651,527	857,993
Extraordinary losses		
Loss on retirement of non-current assets	—	15,125
Total extraordinary losses	—	15,125
Profit before income taxes	651,527	842,868
Income taxes	280,503	316,313
Profit	371,024	526,554
Loss attributable to non-controlling interests	(12,555)	(3,924)
Profit attributable to owners of parent	383,579	530,478

## Consolidated Statement of Comprehensive Income (Three-month period ended April 30, 2021)

(Thousands of yen)

	Three months ended April 30, 2020	Three months ended April 30, 2021
Profit	371,024	526,554
Other comprehensive income		
Valuation difference on available-for-sale securities	(117,103)	17,801
Foreign currency translation adjustment	(153,155)	251,244
Share of other comprehensive income of entities accounted for using equity method	—	18,615
Total other comprehensive income	(270,259)	287,660
Comprehensive income	100,764	814,215
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	113,320	818,961
Comprehensive income attributable to non-controlling interests	(12,555)	(4,746)

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

## (Segment Information)

1. Three months ended April 30, 2020 (from February 1, 2020 to April 30, 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	4,742,525	1,516,453	6,258,978	73,331	6,332,309	—	6,332,309
Transactions with other segments	—	44,273	44,273	—	44,273	(44,273)	—
Net sales	4,742,525	1,560,726	6,303,251	73,331	6,376,583	(44,273)	6,332,309
Segment profit (loss)	559,610	101,989	661,599	(52,302)	609,297	(3,036)	606,260

- \*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 ¥3,036 thousand comprises elimination of intersegment transactions of ¥171,890 thousand and unallocated corporate expenses of - ¥174,927 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. Three months ended April 30, 2021 (from February 1, 2021 to April 30, 2021)

(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	6,135,916	1,762,225	7,898,141	117,642	8,015,783	—	8,015,783
Transactions with other segments	2,961	39,438	42,400	—	42,400	(42,400)	—
Net sales	6,138,878	1,801,663	7,940,541	117,642	8,058,183	(42,400)	8,015,783
Segment profit (loss)	649,467	184,996	834,464	4,487	838,951	(8,690)	830,261

- \*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 - ¥8,690 thousand comprises elimination of intersegment transactions of ¥221,069 thousand and unallocated corporate expenses of - ¥229,759 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

(Significant changes in amount of goodwill)

For Testing/Verification & Evaluation Business, the Group's consolidated subsidiary, 1518 Studios, Inc. acquired with the acceptance of the whole of the business of 5518 Studios, Inc. The resulting increase in goodwill for the term under review was ¥626,880 thousand. Furthermore, the amount of goodwill that occurred from the event is calculated tentatively as allocation of the acquisition cost has not been completed.