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March 14, 2025

Consolidated Financial Results for the Fiscal Year Ended January 31, 2025 (Under Japanese GAAP)

Company name: Pole To Win Holdings, Inc.
Listing: Tokyo Stock Exchange
Securities code: 3657
URL: <https://www.phd.inc>
Representative: Teppei Tachibana, President & CEO
Inquiries: Joji Yamauchi, Director & CFO
Telephone: +81-3-5909-7911
Scheduled date of annual general meeting of shareholders: April 24, 2025
Scheduled date to commence dividend payments: April 25, 2025
Scheduled date to file annual securities report: April 25, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended January 31, 2025 (from February 1, 2024 to January 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2025	52,225	11.8	786	76.4	756	43.8	-692	—
January 31, 2024	46,724	—	445	—	525	—	-1,920	—

Note: Comprehensive income: For the fiscal year ended January 31, 2025: -147 million [—%]
For the fiscal year ended January 31, 2024: -1,646 million [—%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
January 31, 2025	-19.58	—	-5.4	2.9	1.5
January 31, 2024	-53.27	—	-12.3	2.0	1.0

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended January 31, 2025: — million
For the fiscal year ended January 31, 2024: — million

Note: 1. Figures for the fiscal year ended January 31, 2024 have been retrospectively adjusted to reflect changes in accounting policies.
2. Percentage change from the same period of the previous year for the fiscal year ended January 31, 2024 is not stated because changes in accounting policies have been applied retroactively.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
January 31, 2025	28,441	12,445	43.7	351.75
January 31, 2024	24,436	13,441	55.0	379.97

Reference: Equity:

As of January 31, 2025: 12,438 million

As of January 31, 2024: 13,435 million

Note: Figures as of January 31, 2024 have been retrospectively adjusted to reflect changes in accounting policies.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
January 31, 2025	919	-3,178	1,252	7,012
January 31, 2024	847	-2,880	-1,511	7,843

Note: Figures for the fiscal year ended January 31, 2024 have been retrospectively adjusted to reflect changes in accounting policies.

2. Cash Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended January 31, 2024	—	0.00	—	16.0	16.0	565	—	3.7
Fiscal year ended January 31, 2025	—	8.00	—	8.0	16.0	565	—	4.4
Fiscal year ending January 31, 2026 (Forecast)	—	8.00	—	8.0	16.0		182.2	

**3. Consolidated Financial Forecasts for the Fiscal Year Ending January 31, 2026
(from February 1, 2025 to January 31, 2026)**

(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
2nd quarter ending July 31, 2025 (cumulative)	27,030	23.5	-236	—	-256	—	-515	—	-14.58
Fiscal year ending January 31, 2026	55,052	5.4	1,202	52.9	1,158	53.2	310	—	8.78

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: — companies (—)

Excluded: — companies (—)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: Yes

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: See “(3) Notes to Quarterly Consolidated Financial Statements (Notes on Changes in Accounting Policies)” under “2. Quarterly Consolidated Financial Statements and Main Notes” on page 8 of the attachment for details.

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of January 31, 2025	38,156,000 shares
As of January 31, 2024	38,156,000 shares

(ii) Number of treasury shares at the end of the period

As of January 31, 2025	2,795,751 shares
As of January 31, 2024	2,795,730 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended January 31, 2025	35,360,259 shares
Fiscal year ended January 31, 2024	36,059,821 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended January 31, 2025

(from February 1, 2024 to January 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenues		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2025	4,315	61.3	3,024	128.2	2,297	99.3	2,112	303.7
January 31, 2024	2,674	16.0	1,325	-4.5	1,152	45.9	523	-25.4

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
January 31, 2025	59.74	—
January 31, 2024	14.51	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
January 31, 2025	11,928	4,582	38.4	129.59
January 31, 2024	9,912	3,317	33.5	93.82

Reference: Equity:

As of January 31, 2025: 4,582 million

As of January 31, 2024: 3,317 million

* Financial results reports are exempt from audit conducted by certified public accountants 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 several factors. See “(4) Future Outlook” under “1. Overview of the Financial Results” on page 4 of the attachment for the underlying assumptions of and precautions for using the forecasts.

(How to obtain supplementary material on financial results)

Supplementary material on financial results is disclosed on TDnet on the same day.

The company also plans to hold an online presentation for institutional investors and analysts on March 17, 2025 (Monday). The video of the meeting and the content of the presentation will be posted on the Company's website promptly after the meeting along with the financial results presentation materials used on the day of the meeting.

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1. Overview of Operating Results

The method for converting the income and expenses of overseas subsidiaries into yen was previously based on the spot exchange rate on the closing date. However, starting from the current fiscal year, it has been changed to using the average exchange rate for the period. As a result, the figures for the previous consolidated fiscal year reflect retroactive adjustments based on this accounting policy change for comparison.

(1) Overview of Operating Results for the Fiscal Year

During the current fiscal year under review, the Japanese economy is expected to continue its gradual recovery, supported by improvements in employment and income conditions as well as the effects of various policies. However, risks remain, including potential downturns in overseas economies due to continued high interest rates in Europe and the United States, and stagnation in China's real estate market, which would put downward pressure on Japan's economy. Additionally, close attention must be paid to rising prices, the United States policy trends including trade policy, the situation in the Middle East, and fluctuations in financial and capital markets.

Under these economic conditions, the Group is promoting a Service Lifecycle Solutions Business that provides quality consulting, game testing, software verification, infrastructure setup and transition support, monitoring, customer support, anti-fraud, BPR support, and more globally, that occurs in the process of our clients' service and product life cycle of planning, development, release, operation, and improvement. During the current fiscal year under review, Pole To Win, Inc. announced the development of "FACT", a project management tool designed to standardize and streamline operations, ensure quality, foster new business opportunities through big data analysis, and support human resource development. In September, PTW America Inc. acquired the business of Ghostpunch Games, LLC, which operates a game development outsourcing business. This has enabled the Group to offer its existing clients not only conventional services associated with game development but also outsourcing services for the development process itself. HIKE Inc. has signed an industry-academia collaboration agreement with ChungKang College of Cultural Industries in South Korea with the aim of jointly running educational programs and acquiring human resources in the animation and game fields. To enhance its integrated media content production capabilities and expand its business, it acquired the recording studio operations and audio production business from PTW Japan, Co., Ltd. in June. In terms of performance, sales increased, driven by Overseas Solutions. In terms of costs, there has been a significant decrease in the costs of integrating operational sites in Domestic Solutions, but there have been business restructuring costs in Overseas Solutions and additional joint game development costs in Media Contents.

Additionally, as a result of a close examination of business-related assets and investments, a loss on valuation of investment securities of 246,621 thousand yen and impairment losses of 276,266 thousand yen were recorded as extraordinary losses.

As a result, net sales for the current fiscal year reached 52,225,791 thousand yen (up 11.8% year on year), while operating profit was 786,509 thousand yen (up 76.4% year on year). Ordinary profit amounted to 756,060 thousand yen (up 43.8% year on year), and loss attributable to owners of parent was 692,472 thousand yen, compared to a loss of 1,920,991 thousand yen in the previous fiscal year.

Results by service category were as follows.

In the previous fiscal year, the income of PTW Japan Co., Ltd. and Delfi Sound Inc. (merged with PTW Japan Co., Ltd. In July 2023), which were included in Domestic Solutions, was reclassified starting from the current fiscal year based on management control categories rather than company location. As a result, as of the current fiscal year under review, they are now included in Overseas Solutions. Comparative analysis is being conducted using the reclassified figures that reflect this change in presentation method.

(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 tech market, domestic subsidiaries provide services related to software verification, infrastructure setup, server monitoring, data center operation, and kitting. For the e-commerce market, domestic subsidiaries provide monitoring and customer support services. Software verification and system development for the tech market saw an increase in the size of projects, driving sales growth in this service category.

As a result, Domestic Solutions sales amounted to 24,590,790 thousand yen (up 4.5% year on year).

(Overseas Solutions)

In this service category, primarily overseas subsidiaries provide services, including testing, localization, voice recording, customer support, product development support, and art production. During the current fiscal year under review, net sales increased due to a recovery in the overseas game industry, growth in localization and customer support services, received orders for large spot projects for voice recording, the contribution of the newly consolidated business following the acquisition of Ghostpunch Games, LLC, and the impact of yen depreciation.

As a result, Overseas Solutions sales amounted to 20,241,898 thousand yen (up 25.8% year on year).

(Media Contents)

In this service category, the Group provides services—mainly through its domestic subsidiaries—related to animation production, game publishing, art production, marketing support, and barrier-free subtitling and voice guidance production, with the 360-Degree development of Intellectual Property concept as the main focus. While the Group withdrew from unprofitable businesses through the selection and concentration of businesses, higher production unit prices in the animation production business pushed the sales up.

As a result, Media Contents sales amounted to 7,393,101 thousand yen (up 4.1% year on year).

(2) Overview of Financial Position at the End of the Fiscal Year

(Assets)

Current assets increased by 2,484,039 thousand yen (14.4%) from the end of the previous fiscal year, reaching 19,707,539 thousand yen. This increase was primarily due to an increase of 2,909,776 thousand yen in notes and accounts receivable - trade, and contract assets and a 671,951 thousand yen increase in work in process despite a decrease of 830,868 thousand yen in cash and deposits and 282,339 thousand yen in other assets (such as accounts receivable - other).

Non-current assets increased by 1,520,759 thousand yen (21.1%) from the end of the previous fiscal year, reaching 8,733,682 thousand yen. This is primarily due to a 1,118,330 thousand yen increase in goodwill, a 289,897 thousand yen increase in software and a 451,871 thousand yen increase in intangible assets, despite a 118,177 thousand yen decrease in buildings and structures, and a 166,494 thousand yen decrease in tools, furniture, and fixtures.

As a result, total assets increased by 4,004,799 thousand yen (16.4%) from the end of the previous fiscal year, reaching 28,441,222 thousand yen.

(Liabilities)

Current liabilities increased by 5,318,431 thousand yen (52.8%) from the end of the previous fiscal year, reaching 15,390,999 thousand yen. This was primarily due to a decrease of 214,584 thousand yen in the current portion of long-term borrowings, but with increases of 2,494,029 thousand yen in short-term borrowings, 2,405,168 thousand yen in accounts payable – other, and 566,216 thousand yen in other liabilities (such as advance payments).

Non-current liabilities decreased by 317,876 thousand yen (34.5%) from the end of the previous fiscal year, falling to 604,709 thousand yen. This was primarily due to a decrease of 178,566 thousand yen in long-term borrowings.

As a result, total liabilities increased by 5,000,554 thousand yen (45.5%) from the end of the previous fiscal year, reaching 15,995,708 thousand yen.

(Net assets)

Total net assets decreased by 995,754 thousand yen (7.4%) from the end of the previous fiscal year, falling to 12,445,513 thousand yen. This was mainly due to a decrease of 1,541,118 thousand yen in retained earnings resulting from the recording of a loss attributable to owners of parent and the payment of dividends, despite a 513,347 thousand yen increase in foreign currency translation adjustment.

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the current fiscal year decreased by 830,868 thousand yen from the previous fiscal year-end, to 7,012,693 thousand yen.

The status of each of the cash flow categories and their factors in the current fiscal year under review are as follows.

(Cash flows from operating activities)

Cash flows from operating activities amounted to 919,697 thousand yen (previous fiscal year: 847,942 thousand yen). The main factors are profit before income taxes of 228,786 thousand yen, depreciation of 1,005,292 thousand yen, impairment losses of 276,266 thousand yen, amortization of goodwill of 341,740 thousand yen, foreign exchange gains of -223,637 thousand yen, loss on valuation of investment securities of 246,621 thousand yen, increase in accounts receivable – trade, and contract assets of -2,585,310 thousand yen, increase in inventories of -682,735 thousand yen, decrease in accounts receivable – other of 107,084 thousand yen, increase in accounts payable – other of 2,076,541 thousand yen, increase in accrued consumption taxes of 246,161 thousand yen and income taxes paid of -816,243 thousand yen.

(Cash flows from investing activities)

Cash flows from investing activities amounted to -3,178,950 thousand yen (previous fiscal year: -2,880,890 thousand yen). The main factors were purchase of property, plant and equipment of -748,618 thousand yen, proceeds from sale of property, plant and equipment of 212,066 thousand yen, purchase of intangible assets of -477,542 thousand yen, purchase of investment securities of -216,757 thousand yen, payments for acquisition of businesses of -1,920,155 thousand yen.

(Cash flows from financing activities)

Cash flows from financing activities amounted to 1,252,223 thousand yen (previous fiscal year: -1,511,910 thousand yen). The main factors were net increase in short-term borrowings of 2,494,029 thousand yen, repayments of long-term borrowings of -393,150 thousand yen, dividends paid of -848,646 thousand yen.

(4) Future Outlook

In the fiscal year ending January 31, 2025, net sales increased due to an increase in orders received and the effect of yen depreciation in Overseas Solutions as a result of a recovery in the overseas game industry environment. Profits increased due to a decrease in one-time expenses such as expenses for the integration and maintenance of operational sites in Domestic Solutions and allowance for doubtful accounts in Media Contents. As a result, both sales and profits increased.

In the fiscal year ending January 31, 2026, the Group will focus on the realization of “Service Lifecycle Solutions” with attention to both growth and improvement of profitability, focusing on Domestic Solutions that continue to grow steadily and Overseas Solutions in which the acquisition of Ghostpunch Games, LLC business will contribute to full-year consolidation. The Group will create a cycle of business expansion and accelerate growth by providing services demanded by customers in all directions.

As a result, for the fiscal year ending January 31, 2026, the Group forecast net sales of 55,052 million yen (up 5.4% year-on-year), operating profit of 1,202 million yen (up 52.9% year-on-year), ordinary profit of 1,158 million yen (up 53.2% year-on-year), and net profit attributable to owners of parent of 310 million yen (net loss of 692 million yen in the previous fiscal year).

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 results may differ due to several factors.

2. Basic Policy on Selection of Accounting Standards

The Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP for the time being, taking into account the comparability of the consolidated financial statements between periods and between entities.

It is the Company's policy to apply international accounting standards as appropriate, taking into account various domestic and international circumstances.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of January 31, 2024	As of January 31, 2025
Assets		
Current assets		
Cash and deposits	7,843,562	7,012,693
Notes and accounts receivable - trade, and contract assets	6,448,144	9,357,920
Merchandise and finished goods	9,000	19,784
Work in process	821,129	1,493,080
Other	2,135,561	1,853,221
Allowance for doubtful accounts	-33,899	-29,161
Total current assets	17,223,499	19,707,539
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,269,548	2,110,978
Accumulated depreciation	-816,941	-776,549
Buildings and structures, net	1,452,606	1,334,429
Machinery, equipment and vehicles	74,934	80,207
Accumulated depreciation	-30,723	-42,884
Machinery, equipment and vehicles, net	44,211	37,323
Tools, furniture and fixtures	3,261,567	3,724,560
Accumulated depreciation	-2,441,588	-3,071,075
Tools, furniture and fixtures, net	819,979	653,484
Other	48,902	106,651
Total property, plant and equipment	2,365,699	2,131,888
Intangible assets		
Goodwill	1,064,982	2,183,313
Software	520,587	810,484
Intangible assets	735,000	1,186,871
Other	3,997	3,997
Total intangible assets	2,324,568	4,184,666
Investments and other assets		
Investment securities	624,036	627,107
Leasehold and guarantee deposits	1,166,062	1,184,824
Deferred tax assets	464,159	418,795
Other	622,625	589,112
Allowance for doubtful accounts	-354,229	-402,711
Total investments and other assets	2,522,654	2,417,126
Total non-current assets	7,212,922	8,733,682
Total assets	24,436,422	28,441,222

(Thousands of yen)

	As of January 31, 2024	As of January 31, 2025
Liabilities		
Current liabilities		
Short-term borrowings	4,505,970	7,000,000
Current portion of long-term borrowings	248,227	33,643
Accounts payable - other	2,912,845	5,318,014
Accrued expenses	545,172	611,064
Income taxes payable	521,845	500,505
Provision for bonuses	28,629	51,676
Other	1,309,878	1,876,094
Total current liabilities	10,072,568	15,390,999
Non-current liabilities		
Long-term borrowings	240,666	62,100
Retirement benefit liability	153,553	151,340
Deferred tax liabilities	328,281	266,778
Other	200,085	124,490
Total non-current liabilities	922,586	604,709
Total liabilities	10,995,154	15,995,708
Net assets		
Shareholders' equity		
Share capital	1,239,064	1,239,064
Capital surplus	2,183,442	2,183,442
Retained earnings	11,925,454	10,384,336
Treasury shares	-2,552,259	-2,552,270
Total shareholders' equity	12,795,701	11,254,573
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-28,957	1,039
Foreign currency translation adjustment	669,089	1,182,437
Total accumulated other comprehensive income	640,131	1,183,477
Non-controlling interests	5,434	7,462
Total net assets	13,441,267	12,445,513
Total liabilities and net assets	24,436,422	28,441,222

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Net sales	46,724,757	52,225,791
Cost of sales	36,026,813	40,613,294
Gross profit	10,697,944	11,612,496
Selling, general and administrative expenses	10,252,054	10,825,987
Operating profit	445,890	786,509
Non-operating income		
Interest income	6,955	13,603
Foreign exchange gains	15,496	—
Subsidy income	52,991	73,132
Reversal of allowance for doubtful accounts	—	16,450
Surrender value of insurance policies	—	5,783
Gain on adjustment of accounts payable	8,410	—
Other	63,789	32,087
Total non-operating income	147,644	141,056
Non-operating expenses		
Interest expenses	12,826	37,521
Foreign exchange losses	—	97,771
Loss on investment securities	12,451	21,993
Provision of allowance for doubtful accounts	20,000	—
Commission for purchase of treasury shares	4,955	—
Other	17,623	14,218
Total non-operating expenses	67,856	171,505
Ordinary profit	525,678	756,060
Extraordinary income		
Gain on sale of non-current assets	—	7,718
Gain on sale of investment securities	27,429	—
Total extraordinary income	27,429	7,718
Extraordinary losses		
Loss on sale of non-current assets	1,805	589
Loss on retirement of non-current assets	10,015	11,515
Loss on valuation of investment securities	690,861	246,621
Impairment losses	962,317	276,266
Total extraordinary losses	1,665,000	534,992
Profit (loss) before income taxes	-1,111,892	228,786
Income taxes - current	844,809	935,157
Income taxes - deferred	-31,672	-15,928
Total income taxes	813,136	919,229
Loss	-1,925,028	-690,443
Profit (loss) attributable to non-controlling interests	-4,036	2,028
Loss attributable to owners of parent	-1,920,991	-692,472

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Loss	-1,925,028	-690,443
Other comprehensive income		
Valuation difference on available-for-sale securities	-32,735	29,997
Foreign currency translation adjustment	311,424	513,347
Total other comprehensive income	278,689	543,345
Comprehensive income	-1,646,339	-147,097
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-1,642,302	-149,126
Comprehensive income attributable to non-controlling interests	-4,036	2,028

(3) Consolidated Statements of Changes in Net Assets

(Fiscal Year Ended January 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,239,064	2,380,082	14,406,339	-703,249	17,322,236
Changes during period					
Dividends of surplus			-559,892		-559,892
Profit (loss) attributable to owners of parent			-1,920,991		-1,920,991
Purchase of treasury shares				-1,863,617	-1,863,617
Disposal of treasury shares		1,073		14,606	15,680
Change in ownership interest of parent due to transactions with non-controlling interests		-197,713			-197,713
Net changes in items other than shareholders' equity					
Total changes during period	—	-196,639	-2,480,884	-1,849,010	-4,526,534
Balance at end of period	1,239,064	2,183,442	11,925,454	-2,552,259	12,795,701

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	3,777	357,665	361,442	9,470	17,693,150
Changes during period					
Dividends of surplus					-559,892
Profit (loss) attributable to owners of parent					-1,920,991
Purchase of treasury shares					-1,863,617
Disposal of treasury shares					15,680
Change in ownership interest of parent due to transactions with non-controlling interests					-197,713
Net changes in items other than shareholders' equity	-32,735	311,424	278,689	-4,036	274,652
Total changes during period	-32,735	311,424	278,689	-4,036	-4,251,882
Balance at end of period	-28,957	669,089	640,131	5,434	13,441,267

(Fiscal Year Ended January 31, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,239,064	2,183,442	11,925,454	-2,552,259	12,795,701
Changes during period					
Dividends of surplus			-848,646		-848,646
Profit (loss) attributable to owners of parent			-692,472		-692,472
Purchase of treasury shares				-10	-10
Net changes in items other than shareholders' equity					
Total changes during period	—	—	-1,541,118	-10	-1,541,128
Balance at end of period	1,239,064	2,183,442	10,384,336	-2,552,270	11,254,573

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	-28,957	669,089	640,131	5,434	13,441,267
Changes during period					
Dividends of surplus					-848,646
Profit (loss) attributable to owners of parent					-692,472
Purchase of treasury shares					-10
Net changes in items other than shareholders' equity	29,997	513,347	543,345	2,028	545,374
Total changes during period	29,997	513,347	543,345	2,028	-995,754
Balance at end of period	1,039	1,182,437	1,183,477	7,462	12,445,513

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	-1,111,892	228,786
Depreciation	873,839	1,005,292
Impairment losses	962,317	276,266
Amortization of goodwill	286,549	341,740
Increase (decrease) in allowance for doubtful accounts	299,721	43,745
Increase (decrease) in provision for bonuses	-2,473	22,508
Increase (decrease) in retirement benefit liability	12,719	-9,162
Interest and dividend income	-6,955	-13,603
Subsidy income	-52,991	-73,132
Interest expenses	12,826	37,521
Foreign exchange losses (gains)	-193,532	-223,637
Loss (profit) on investment securities	12,451	21,993
Loss (gain) on sale of non-current assets	1,805	-7,128
Loss on retirement of non-current assets	10,015	11,515
Loss (gain) on valuation of investment securities	690,861	246,621
Loss (gain) on sale of investment securities	-27,429	—
Decrease (increase) in accounts receivable - trade, and contract assets	355,295	-2,585,310
Decrease (increase) in inventories	-332,126	-682,735
Decrease (increase) in accounts receivable - other	-112,895	107,084
Increase (decrease) in accounts payable - other	-652,785	2,076,541
Increase (decrease) in accrued expenses	5,954	19,787
Increase (decrease) in accrued consumption taxes	2,618	246,161
Increase (decrease) in deposits received	-29,511	13,291
Other, net	510,201	585,829
Subtotal	1,514,584	1,689,976
Interest and dividends received	18,060	13,603
Subsidies received	52,991	73,132
Interest paid	-18,331	-40,772
Income taxes paid	-719,362	-816,243
Net cash provided by (used in) operating activities	847,942	919,697
Cash flows from investing activities		
Purchase of property, plant and equipment	-1,600,887	-748,618
Proceeds from sale of property, plant and equipment	—	212,066
Purchase of intangible assets	-670,092	-477,542
Purchase of investment securities	-343,595	-216,757
Proceeds from sale of investment securities	63,299	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-216,987	—
Payments for acquisition of businesses	—	-1,920,155
Loan advances	-8,190	—
Proceeds from collection of loans receivable	4,341	5,084
Payments of leasehold and guarantee deposits	-323,985	-82,662
Proceeds from refund of leasehold and guarantee deposits	215,207	49,634
Net cash provided by (used in) investing activities	-2,880,890	-3,178,950
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,500,000	2,494,029
Repayments of long-term borrowings	-390,688	-393,150
Dividends paid	-559,892	-848,646
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-197,713	—
Purchase of treasury shares	-1,863,617	-10
Net cash provided by (used in) financing activities	-1,511,910	1,252,223
Effect of exchange rate change on cash and cash equivalents	195,646	176,161
Net increase (decrease) in cash and cash equivalents	-3,349,211	-830,868
Cash and cash equivalents at beginning of period	11,192,774	7,843,562
Cash and cash equivalents at end of period	7,843,562	7,012,693

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Notes on Changes in Accounting Policies)

(Change in Method of Converting Profit and Expenses of Overseas Subsidiaries into Japanese Currency)

Previously, we converted the income and expenses of our overseas subsidiaries into yen using the spot exchange rate on the closing date. However, due to significant exchange rate fluctuations and the increasing importance of these subsidiaries, as well as the expected growth in our overseas consumer product business, we have updated our approach. Starting from the fiscal year ended January 31, 2025, we now use the average exchange rate for the period to convert these figures into yen. This adjustment helps reduce the impact of temporary exchange rate fluctuations on our financial results and provides a more accurate reflection of the overseas subsidiaries' performance in our consolidated financial statements.

As the Company introduced a new consolidated accounting system in its seventh fiscal year (ended January 31, 2016), and the effect of the change in accounting policies on periods prior to the sixth fiscal year (ended January 31, 2015) was not material, the Company has applied the method of converting into yen at the average exchange rate during the period starting from February 1, 2015.

The change in accounting policies is applied retroactively. As a result, the consolidated financial statements for the fiscal year ended January 31, 2024 reflect this retroactive application.

As a result of the retroactive application, the consolidated statements of income for the previous fiscal year reflect a decrease in sales of 255,381 thousand yen. Operating profit increased by 41,407 thousand yen, ordinary profit increased by 16,370 thousand yen, loss before income taxes decreased by 43,150 thousand yen, and the loss attributable to owners of parent decreased by 46,799 thousand yen. The consolidated statements of cash flows for the previous fiscal year indicate an increase in net cash provided by operating activities of 9,103 thousand yen and an increase in net cash used in investing activities of 18,372 thousand yen.

Additionally, the cumulative impact was reflected in the net assets at the beginning of the previous fiscal year. As a result, the beginning balance of retained earnings for that fiscal year decreased by 2,798 thousand yen, while the beginning balance of foreign currency translation adjustments increased by the same amount.

The impact on per share information is stated in the relevant section.

(Notes on Segment Information)

[Segment information]

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

[Related information]

Fiscal year ended January 31, 2024

1. Product and services-specific information

This information is omitted as the Group has a single segment, "Service Lifecycle Solutions Business" and as revenues from external customers in a single product or service category exceed 90% of net sales in the consolidated statements of income.

2. Geographical information

(1) Net sales

(Thousands of yen)					
Japan	Asia	United States	Europe	Other	Total
31,668,407	1,436,262	8,371,579	4,597,441	651,066	46,724,757

Note: Sales are categorized by country or region based on customer locations.

(2) Property, plant and equipment

(Thousands of yen)					
Japan	Asia	United States	Europe	Other	Total
1,637,064	223,014	328,511	51,328	125,780	2,365,699

(Change in presentation method)

Sales and property, plant and equipment of "U.S.A.," which were included in "North America" in the previous consolidated fiscal year, are disclosed separately from this consolidated fiscal year due to their increased importance. Information for the previous consolidated fiscal year is based on the same classification.

3. Key customer information

This information is omitted because no customer accounts for more than 10% of net sales in the Consolidated Statements of Income.

Fiscal year ended January 31, 2025

1. Product and services-specific information

This information is omitted as the Group has a single segment, “Service Lifecycle Solutions Business” and as revenues from external customers in a single product or service category exceed 90% of net sales in the consolidated statements of income.

2. Geographical information

(1) Net sales

(Thousands of yen)

Japan	Asia	United States	Europe	Other	Total
32,738,438	4,473,173	8,906,245	5,075,920	1,032,014	52,225,791

Note: Sales are categorized by country or region based on customer locations

(2) Property, plant and equipment

(Thousands of yen)

Japan	Asia	United States	Europe	Other	Total
1,348,692	174,944	325,042	181,044	102,165	2,131,888

3. Key customer information

This information is omitted because no customer accounts for more than 10% of net sales in the Consolidated Statements of Income.

[Information on impairment losses on non-current assets by reporting segment]

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

[Information on amortisation of goodwill and unamortised balance by reporting segment]

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

[Information on gain on negative goodwill by reporting segment]

Not applicable.

(Per Share Information)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Net assets per share	379.97 yen	351.75 yen
Loss per share	53.27 yen	19.58 yen

Note: 1. Dilutive earnings per share is not stated due to the loss per share and no dilutive shares.

2. The basis for calculating loss per share is as follows.

	Fiscal year ended January 31, 2023	Fiscal year ended January 31, 2024
Loss per share		
Loss attributable to owners of parent (thousands of yen)	1,920,991	692,472
Amount not attributable to common stockholders (thousands of yen)	—	—
Loss attributable to owners of parent per share of common stock (thousands of yen)	1,920,991	692,472
Average number of shares of common stock outstanding during period	36,059,821	35,360,259

3. The method for converting the income and expenses of overseas subsidiaries into yen was previously based on the spot exchange rate on the closing date. However, starting from the current fiscal year, it has been changed to using the average exchange rate for the period. Figures for the fiscal year ended January 31, 2024 have been retrospectively adjusted to reflect changes in accounting policies. As a result of the retroactive application, loss per share for the previous fiscal year decreased by 1.30 yen.

(Significant Subsequent Events)

Not applicable.